

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



## **INDEPENDENT SCHOOL DISTRICT 270 HOPKINS PUBLIC SCHOOLS**

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

### **Educational Services Center**

1001 Highway 7  
Hopkins, Minnesota 55305

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT OF**

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

**YEAR ENDED JUNE 30, 2015**

**PREPARED BY THE  
FINANCE DEPARTMENT**

**JOHN TOOP  
DIRECTOR OF BUSINESS SERVICES**

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INDEPENDENT SCHOOL DISTRICT NO. 270  
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## **INTRODUCTORY SECTION**



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

Date: November 23, 2015

## **INTRODUCTION**

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 270, Hopkins, Minnesota (the District) for the fiscal year ended June 30, 2015 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 6,993 students from a population of over 61,813 citizens residing in a 29.5 square mile area. During 2014-15 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, 2015, 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 2014-15 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

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. 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 17,000h 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 FY06 to FY15 to the magnitude of 1,188 students or about a 14.52% 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, 2015 of \$9.8 million, or 11.3% of its General Fund Unassigned expenses. This is a turnaround of \$14.0 million, or about 16.64%, reflecting tough decisions that the School Board and administration have had to make to bring the District back to fiscal health.

### **DISTRICT FACILITIES**

District educational facilities consist of 10 educational buildings originally constructed from 1948 to 1990. Each building has had numerous additions over the years. In spite of the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the district's long term maintenance plan. Because of this continual improvement, all educational facilities should be able to effectively serve the district for a minimum of 50-60 additional years. The total district square footage, including administrative buildings, is 1,894,881.

## **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 \$9,579,234,651 in 2015. 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 1-7. XinXing has continued to add a grade level every year, and as of the 2014-2015 year the program will be through the 7<sup>th</sup> 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 fifth 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.

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 have been authorized as 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 three, with fourth grade to be added in the 2016-17 school year.

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

Beginning in FY16, 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.

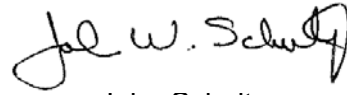
This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In 2014, the District received recognition from this program by receiving the Certificate of Excellence. 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.

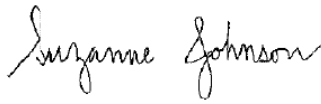
## **ACKNOWLEDGMENTS**

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, 2015**

**SCHOOL BOARD**

<b><u>NAME</u></b>	<b><u>TERM ON BOARD EXPIRES</u></b>	<b><u>BOARD POSITION</u></b>
Warren Goodroad	January 1, 2018	Chair
Wendy Donovan	January 1, 2016	Vice Chair
Steven Adams	January 1, 2016	Treasurer
Irma McIntosh Coleman	January 1, 2016	Clerk
Betsy Anderson	January 1, 2018	Director
Michael Doobie Kuras	January 1, 2018	Director
Kris Newcomer	January 1, 2016	Director

**ADMINISTRATION**

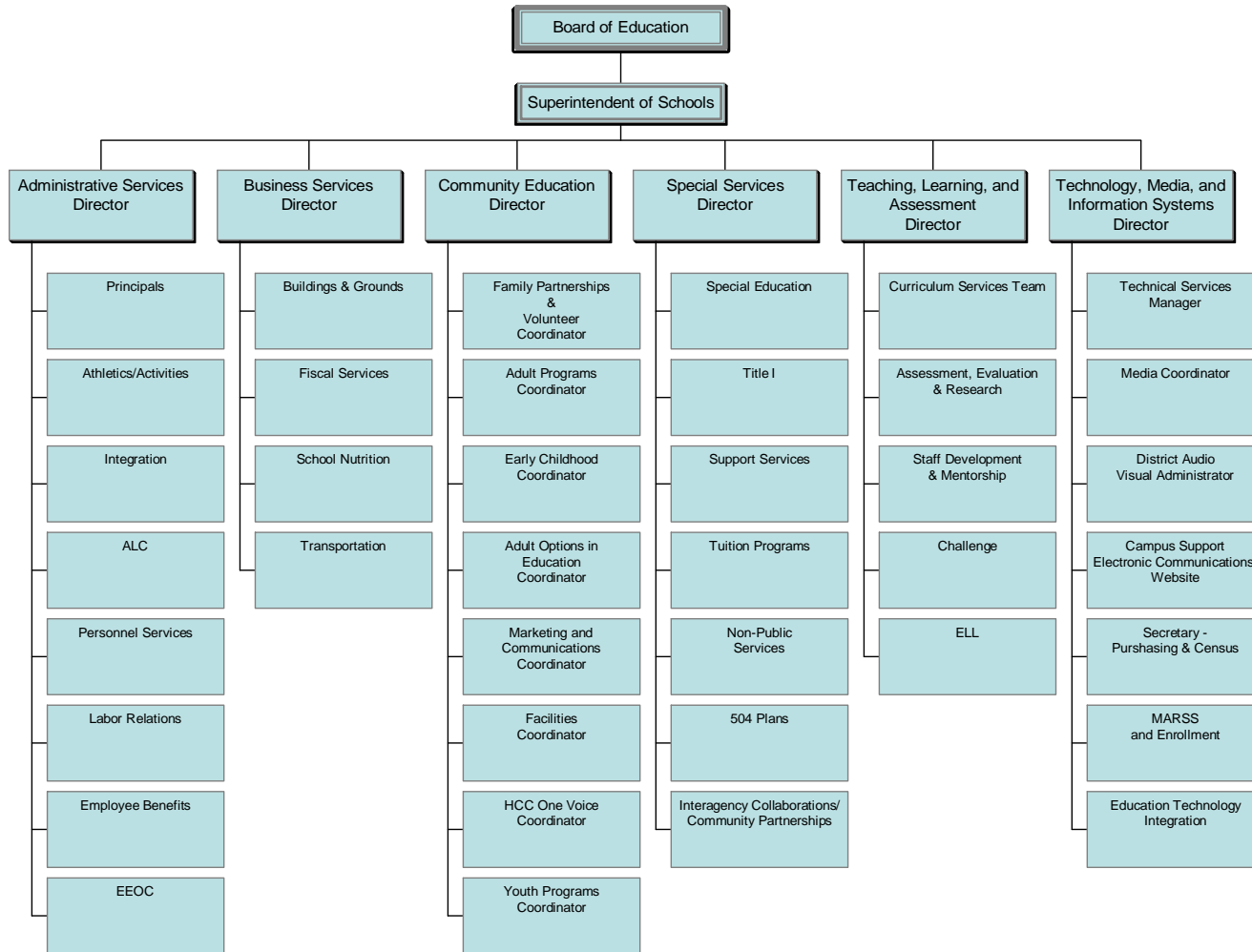
John Schultz  
John Toop

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, 2015**



HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING  
JUNE 30, 2015

Association of School Business Officials International



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

**Hopkins Public Schools Independent School  
District No. 270**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

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





Terrie S. Simmons, RSBA, CSBO  
President



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, 2015, and the related notes to the financial statements, which collectively comprise the entity's 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, 2015, and the respective changes in financial position, the budgetary comparison for the General, Food Service, and Community Service funds and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter Regarding Restatement**

As discussed in Note 14 to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. As a result of the implementation of these standards Hopkins Public School District No. 276 reported a restatement for the change in accounting principle (see Note 14). Our auditors' opinion was not modified with respect to the restatement.

### **Report on Summarized Prior Year Information**

We have previously audited Hopkins Public Schools' 2014 financial statements of the governmental activities, each major fund and the aggregate remaining fund information, and we expressed an unmodified opinion on those audited financial statements in our report dated December 4, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 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, 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 a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, 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  
November 23, 2015

## **REQUIRED SUPPLEMENTARY INFORMATION**

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

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, 2015. 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 (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2014-15 fiscal year include the following:

- Net position of the District in total decreased by \$63,210,228, or -213.8% below June 2014 primarily as a result of implementing GASB Statement Nos. 68 and 71, which reflect the recognition of 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.
- Excluding the effects of the prior period adjustment related to the implementation of GASB Statement Nos. 68 and 71, the net position of the District increased by \$5,241,105.
- Overall General Fund revenues were \$89,944,743 as compared to \$86,526,580 of expenditures.
- Total fund balance of the General Fund increased by \$1,146,163 from the prior year resulting from revenues increasing by \$6,451,146 offset by a \$4,088,674 increase in expenditures.
- The District issued \$10,120,000 in General Obligation Alternative Facilities Bonds and \$4,425,000 in General Obligation Capital Facilities 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, 2015**

**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  
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- *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 \$(33,641,534) on June 30, 2015.

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

	Governmental Activities as of June 30,		Percentage Change
	2015	2014	
Current and Other Assets	\$ 110,160,228	\$ 127,505,941	(13.60)%
Capital and Non-Current Assets	155,293,569	143,651,974	8.10
<b>Total Assets</b>	<u>265,453,797</u>	<u>271,157,915</u>	(2.10)
<b>Deferred Outflows of Resources</b>	10,292,351	-	N/A
Current Liabilities	20,635,121	20,068,196	2.82
Long-Term Liabilities	223,834,942	177,986,928	25.76
<b>Total Liabilities</b>	<u>244,470,063</u>	<u>198,055,124</u>	23.44
<b>Deferred Inflows of Resources</b>	<u>64,917,619</u>	<u>43,534,097</u>	49.12
Net Position:			
Net Investment in Capital Assets	18,582,850	15,885,515	16.98
Restricted	3,049,717	2,397,149	27.22
Unrestricted	(55,274,101)	11,286,030	(589.76)
<b>Total Net Position</b>	<u>\$ (33,641,534)</u>	<u>\$ 29,568,694</u>	(213.77)

Net position of the District decreased by \$63,210,228 below June 2014 as a result of implementing GASB Statement No. 68 and No. 71, which recognizes 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 proportionate share of the Teacher's Retirement Association's Coordinated and Basic Plan net pension liability, which totaled \$68,451,327. Excluding the restatement due to GASB Statement Nos. 68 and 71, the net position of the District increased by \$5,241,105.

**HOPKINS PUBLIC SCHOOLS  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**Changes in Net Position**

The District's total revenues were \$127,317,145 for the year ended June 30, 2015. Property taxes and state formula aid accounted for 77% of total revenue for the year (see Figure A-1). Another 1% came from other general revenues combined with investment earnings and the remaining 22% from program revenues.

	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2015	2014	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 11,484,134	\$ 9,711,751	18.25 %
Operating Grants and Contributions	16,173,852	17,066,386	(5.23)
Capital Grants and Contributions	318,408	1,721,420	(81.50)
<u>General Revenues</u>			
Property Taxes	47,949,378	32,374,058	48.11
Unrestricted State Aid	50,310,068	55,326,174	(9.07)
Investment Earnings	522,972	830,633	(37.04)
Gain on Sale of Capital Assets	-	42,650	(1.00)
Other	558,333	1,648,539	(66.13)
Total Revenues	127,317,145	118,721,611	7.24
<b>Expenses</b>			
Administration	4,050,926	3,710,664	9.17
District Support Services	2,163,267	2,156,481	0.31
Regular Instruction	43,781,953	43,536,297	0.56
Vocational Education Instruction	1,076,456	1,005,928	7.01
Special Education Instruction	15,257,689	14,944,211	2.10
Instructional Support Services	4,246,721	4,186,084	1.45
Pupil Support Services	8,041,111	7,771,228	3.47
Sites and Buildings	22,516,225	20,911,495	7.67
Fiscal and Other Fixed Cost Programs	424,278	271,000	56.56
Food Service	4,351,770	4,092,596	6.33
Community Service	9,904,238	10,667,163	(7.15)
Interest and Fiscal Charges on Long-Term Liabilities	6,261,412	6,600,072	(5.13)
Total Expenses	122,076,046	119,853,219	1.85
<b>Change in Net Position</b>	5,241,099	(1,131,608)	
Beginning Net Position, as Reported	29,568,694	30,700,302	
Restatement Due to Change in Accounting Principal	(68,451,327)	-	
Beginning Net Position, as Restated	(38,882,633)	30,700,302	
Ending Net Position	\$ (33,641,534)	\$ 29,568,694	

The total cost of all programs and services was \$122,076,046. Total revenues exceeded expenses increasing net position prior to the restatement by \$5,241,105 from the prior year. The excess combined with the restatement resulted in a net decrease in net position of \$63,210,228.

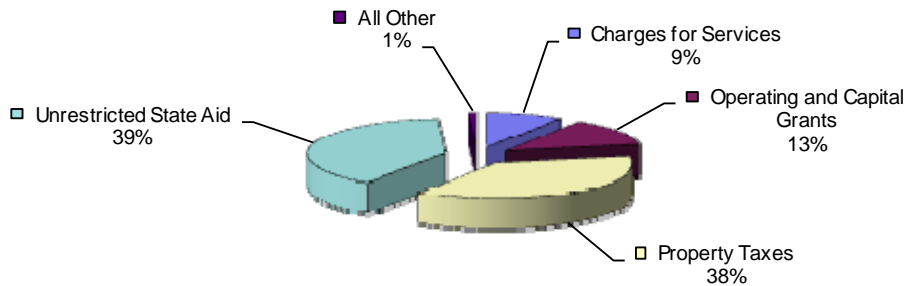


**HOPKINS PUBLIC SCHOOLS  
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YEAR ENDED JUNE 30, 2015**

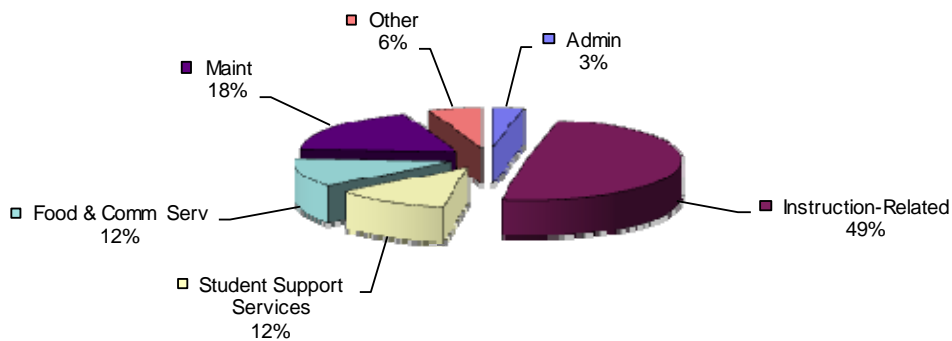
The total revenues of all *governmental* activities this year was \$127,317,145.

- Some of the cost was paid by the users of the District's programs (\$11,484,134).
- The federal and state governments subsidized certain programs with grants and contributions (\$16,492,260).
- Most of the District's costs (\$98,259,446), however, were paid for by District taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$47,949,378 in property taxes, and \$50,310,068 of unrestricted state aid based on the statewide education aid formula.

**Figure A-1  
Sources of District's Revenues for Fiscal 2015**



**Figure A-2  
District Expenses for Fiscal 2015**



**HOPKINS PUBLIC SCHOOLS  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

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
	2015	2014		2015	2014	
Administration	\$ 4,050,926	\$ 3,710,664	9.17 %	\$ 4,038,627	\$ 3,634,425	11.12 %
District Support Services	2,163,267	2,156,481	0.31	2,150,795	2,046,152	5.11
Regular Instruction	43,781,953	43,536,297	0.56	40,929,695	40,272,293	1.63
Vocational Education Instruction	1,076,456	1,005,928	7.01	1,047,140	1,005,928	4.10
Special Education Instruction	15,257,689	14,944,211	2.10	6,129,833	6,126,145	0.06
Instructional Support Services	4,246,721	4,186,084	1.45	3,372,712	3,260,490	3.44
Pupil Support Services	8,041,111	7,771,228	3.47	6,775,177	6,444,088	5.14
Sites and Buildings	22,516,225	20,911,495	7.67	21,272,120	19,740,635	7.76
Fiscal and Other Fixed Cost Programs	424,278	271,000	56.56	412,257	18,856	2086.34
Food Service	4,351,770	4,092,596	6.33	(34,409)	40,147	(185.71)
Community Service	9,904,238	10,667,163	(7.15)	1,744,293	2,164,431	(19.41)
Interest and Fiscal Charges on Long-Term Liabilities	6,261,412	6,600,072	(5.13)	6,261,412	6,600,072	(5.13)
Total	<u>\$ 122,076,046</u>	<u>\$ 119,853,219</u>	1.85	<u>\$ 94,099,652</u>	<u>\$ 91,353,662</u>	3.01

**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 \$29,433,170, or \$19,604,322 less than last year's ending fund balance of \$49,037,492.

Total revenues and other financing sources for the District's governmental funds were \$143,779,151 while total expenditures and other financing uses were \$163,383,473. This large difference is primarily the result of bond proceeds which were received in the current year from alternative facilities and capital facilities bonds offset by a refunding bond payment 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.

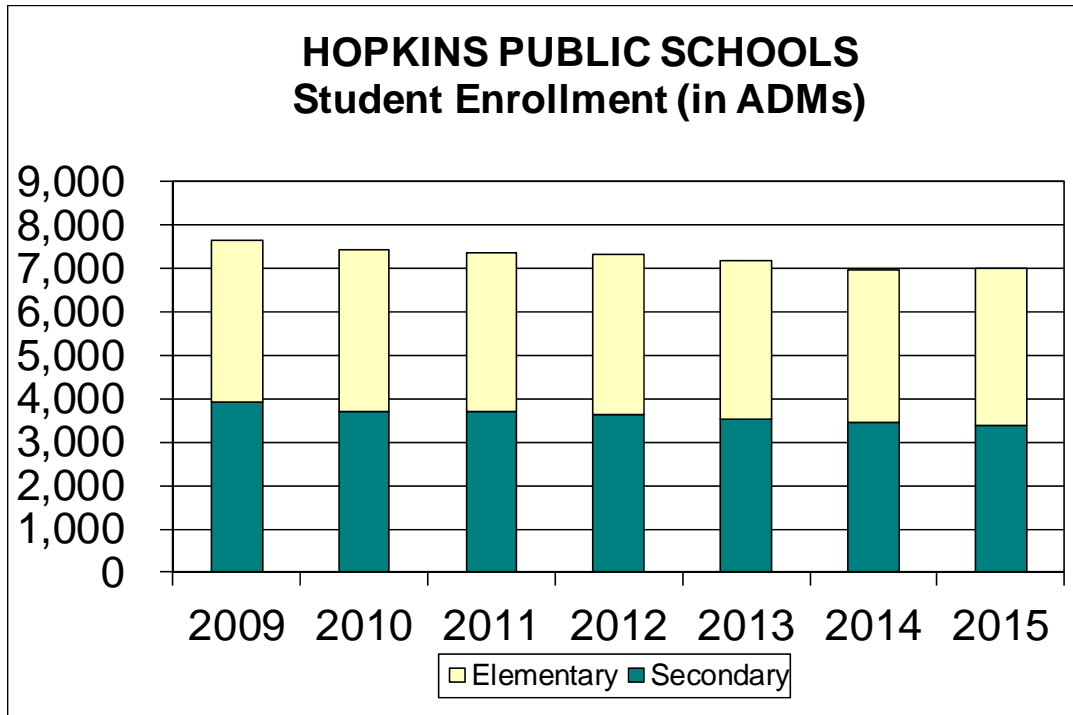
Approximately 74% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model 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  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**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  
Seven-Year Enrollment Trend  
Average Daily Membership (ADM)**



	2009	2010	2011	2012	2013	2014	2015
Pre-K & KH	80.59	84.03	78.36	91.45	72.74	74.35	91.34
Reg K	446.51	454.08	470.15	458.84	452.81	494.96	505.31
Elementary	3,227.71	3,167.60	3,114.15	3,149.87	3,149.38	2,929.49	3,024.76
Secondary	3,907.90	3,720.19	3,711.71	3,625.53	3,517.28	3,473.61	3,371.65
Total Students for Aid	<u>7,662.71</u>	<u>7,425.90</u>	<u>7,374.37</u>	<u>7,325.69</u>	<u>7,192.21</u>	<u>6,972.41</u>	<u>6,993.06</u>
Percent Change	-0.58%	-3.09%	-0.69%	-0.66%	-1.82%	-3.06%	0.30%

Over the last seven years, the District has experienced a decline in average daily membership by 670 students or 8.7%. 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 610 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  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

The following schedule presents a summary of General Fund Revenues.

**Table A-5  
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2015	June 30, 2014	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 23,720,510	\$ 11,441,543	\$ 12,278,967	107.3 %
Earnings on Investments	6,217	4,427	1,790	40.4
Other	3,848,440	3,997,421	(148,981)	(3.7)
State Sources	59,904,963	65,449,897	(5,544,934)	(8.5)
Federal Sources	2,464,613	2,600,309	(135,696)	(5.2)
Total General Fund Revenue	<u>\$ 89,944,743</u>	<u>\$ 83,493,597</u>	<u>\$ 6,451,146</u>	7.7

Total General Fund Revenue increased by \$6,451,146 or 7.7% from the previous year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue may also involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change on total revenue.

For 2014-15 local property tax revenue increased by \$12,278,967, or 107.3%, primarily due to the property tax shift being paid in full in the prior year. Earnings on investments increased by \$1,790 as interest rates on District earnings remained low.

State Sources decreased by \$5,544,934 primarily due to repayment of the property tax shift in the prior year offset by an increase in general education aid. Federal Sources decreased by \$135,696 primarily due to a \$124,783 decrease in Title I, Part A.

Other revenue sources decreased by \$148,981, or 3.7%, mainly due to a decrease in contracted transportation services for Notre Dame Academy.

For fiscal year 14-15, 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, 2015**

The following schedule presents a summary of General Fund Expenditures.

**Table A-6  
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2015	June 30, 2014		
Salaries	\$ 54,135,948	\$ 51,167,235	\$ 2,968,713	5.8 %
Employee Benefits	15,749,242	15,154,540	594,702	3.9
Purchased Services	13,128,880	12,768,108	360,772	2.8
Supplies and Materials	1,587,296	1,842,025	(254,729)	(13.8)
Capital Expenditures	1,720,371	1,357,538	362,833	26.7
Other Expenditures	204,843	148,460	56,383	38.0
Total Expenditures	<u>\$ 86,526,580</u>	<u>\$ 82,437,906</u>	<u>\$ 4,088,674</u>	5.0

Total General Fund Expenditures increased \$4,088,674 or 5.0% from the previous year. The major factors driving this increase for 2014-15 were an increase in Salaries and Employee Benefits from the previous year. Three categories of expenses increased slightly, one decreased significantly (over 5%) and two increased significantly (over 5%).

Salaries increased by \$2,968,713, while Employee Benefits increased by \$594,702, or 3.9%. Purchased Services increased by \$360,772, or 2.8%, and Capital Expenditures increased by \$362,833, or 26.7%. Supplies and materials decreased by \$254,729, or 13.8%.

In fiscal 2014-15, General Fund revenues were greater than expenditures by \$1,146,163, including other financing sources and uses. Therefore, total fund balance increased from \$17,034,353 in the prior year to \$18,180,516 as of June 30, 2015. After deducting statutory categories of fund balance and District commitments and assignments, the General Fund Unassigned fund balance increased from \$8,834,090 at June 30, 2014, to \$9,793,489 at June 30, 2015. This represents about 11.3% of fiscal year 14-15 total 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, 2015**

**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 passes subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were \$445,093 or 0.5% more than budgeted, while expenditures were \$866,772 or 1.0% less than budgeted.

While the District's final budget for the General Fund anticipated that fund balance would decrease by \$166,815, the actual results for the year show that fund balance increased by \$1,146,163.

**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, expenditures and other financing uses exceeded revenues and other financing sources by \$20,671,404 in 2014-15. This is primarily attributable to a payment to a refunding bond escrow agent as the result of the District refunding \$20,250,000 of bonds during the year. The ending Debt Service fund balance at June 30, 2015 of \$2,266,113 includes \$2,046,294 for meeting future regular debt service obligations and \$219,819 available for meeting future OPEB debt service obligations.

**OTHER MAJOR FUNDS**

Revenues exceeded expenditures in the Food Service Fund by \$32,246 for 2014-15. The Food Service Fund increased its fund balance to \$287,334. In the Community Service Fund expenditures exceeded revenues by \$152,630, but a transfer in of \$450,000 resulted in the fund balance of the Community Service Fund ending at \$1,456,151, with \$1,024,671 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 2015-16 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, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2015, the District had invested approximately \$252 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 \$8 million.

**Table A-7  
The District's Capital Assets**

	2015	2014	Percentage Change
Land	\$ 2,867,600	\$ 2,867,600	-
Construction in Progress	8,491,896	5,442,774	56.0
Land Improvements	14,994,455	15,387,103	(2.6)
Buildings and Improvements	205,730,454	191,726,454	7.3
Equipment	19,692,996	21,368,246	(7.8)
Less: Accumulated Depreciation	(96,483,832)	(93,140,203)	3.6
Total	<u>\$ 155,293,569</u>	<u>\$ 143,651,974</u>	8.1

**Construction – Next Five Years**

In fiscal 2015, the District began its eleventh year (tenth 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 \$16 million in projects for Phase V. The district bonded for \$10 million of these bonds in May, 2015.

The District also issued \$4,425,000 in Capital Facilities Bonds in May 2015 for energy efficiency improvements, primarily lighting upgrades throughout all District buildings. 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, 2015**

**Long-Term Liabilities**

At year-end, the District had \$131,375,000 in general obligation bonds outstanding – a decrease of 8.5% from last year – as shown in Note 4 to the financial statements. This is in addition to \$17,895,000 of general obligation OPEB bonds. The District increased its postemployment severance and health benefits payable at June 30, 2015 by a net of \$1.8 million.

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

	2015	2014	Percentage Change
General Obligation Bonds	\$ 131,375,000	\$ 143,595,000	(8.5)%
OPEB Bonds	17,895,000	19,435,000	(7.9)
Net Bond Premium and Discount	4,248,738	3,839,495	10.7
Obligations Under Capital Leases	8,144,672	8,594,661	(5.2)
Pension Benefits Payable - Defined Benefit Plans	58,588,203	-	N/A
Pension Benefits Payable - Defined Contribution Plans	3,282,196	2,513,819	30.6
Other Postemployment Benefits Payable	9,816,050	7,977,441	23.0
Total	<u>\$ 233,349,859</u>	<u>\$ 185,955,416</u>	25.5
Long-Term Liabilities:			
Due Within One Year	\$ 9,514,917	\$ 7,968,488	19.4 %
Due in More Than One Year	223,834,942	177,986,928	25.8
Total	<u>\$ 233,349,859</u>	<u>\$ 185,955,416</u>	25.5

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

Hopkins Public Schools remained financially stable as of June 30, 2015. Audited results for 2014-15 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 10-15%, an amount that will keep it in line with financially strong neighboring districts. For 2015-16, no new major programs were initiated. The District is studying the senior year for students, making sure that the final year of school for students continues to remain relevant and meaningful. The State legislature increased per pupil funding by 2% for 2015-16 and an additional 2% for 2016-17, which will help 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 budget. 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. Expenses 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, 2015**

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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	Governmental Activities	
	2015	2014
<b>ASSETS</b>		
Cash and Investments	\$ 70,610,850	\$ 64,102,357
Cash and Investments Held by Trustee	128,743	26,758,947
Receivables:		
Property Taxes	24,529,454	24,002,472
Other Governments	13,793,460	11,102,831
Other	619,929	964,347
Prepaid Items	336,527	473,941
Inventories	141,265	101,046
Capital Assets:		
Land and Construction in Progress	11,359,496	8,310,374
Other Capital Assets, Net of Depreciation	143,934,073	135,341,600
Total Assets	265,453,797	271,157,915
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows - Pension Payments	10,292,351	-
<b>LIABILITIES</b>		
Salaries and Compensated Absences Payable	641,298	652,129
Accounts and Contracts Payable	5,270,761	6,121,111
Accrued Interest	2,743,158	2,814,555
Due to Other Governmental Units	1,009,243	854,218
Unearned Revenue:		
Local Sources	1,455,744	1,657,695
Long-Term Liabilities:		
Portion Due Within One Year	9,514,917	7,968,488
Portion Due in More Than One Year	223,834,942	177,986,928
Total Liabilities	244,470,063	198,055,124
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	46,291,548	43,534,097
Pensions	18,626,071	-
Total Deferred Inflows of Resources	64,917,619	43,534,097
<b>NET POSITION</b>		
Net Investment in Capital Assets	18,582,850	15,885,515
Restricted for:		
General Fund Operating Capital Purposes	689,408	255,430
General Fund State-Mandated Reserves	416,843	433,940
Food Service	287,334	255,088
Community Service	1,470,767	1,166,835
Capital Projects - Building Construction	185,365	285,856
Unrestricted	(55,274,101)	11,286,030
Total Net Position	\$ (33,641,534)	\$ 29,568,694

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

Functions	2015				2014	2014
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities
<b>Governmental Activities</b>						
Administration	\$ 4,050,926	\$ -	\$ -	\$ 12,299	\$ (4,038,627)	\$ (3,634,425)
District Support Services	2,163,267	8,762	-	3,710	(2,150,795)	(2,046,152)
Regular Instruction	43,781,953	1,579,157	1,210,121	62,980	(40,929,695)	(40,272,293)
Vocational Education Instruction	1,076,456	3,072	26,244	-	(1,047,140)	(1,005,928)
Special Education Instruction	15,257,689	124,495	9,001,471	1,890	(6,129,833)	(6,126,145)
Instructional Support Services	4,246,721	19,461	854,423	125	(3,372,712)	(3,260,490)
Pupil Support Services	8,041,111	500,283	765,651	-	(6,775,177)	(6,444,088)
Sites and Buildings	22,516,225	1,015,622	3,100	225,383	(21,272,120)	(19,740,635)
Fiscal and Other Fixed Cost Programs	424,278	-	-	12,021	(412,257)	(18,856)
Food Service	4,351,770	2,281,440	2,104,739	-	34,409	(40,147)
Community Service	9,904,238	5,951,842	2,208,103	-	(1,744,293)	(2,164,431)
Interest and Fiscal Charges on Long-Term Liabilities	6,261,412	-	-	-	(6,261,412)	(6,600,072)
Total School District	<u>\$ 122,076,046</u>	<u>\$ 11,484,134</u>	<u>\$ 16,173,852</u>	<u>\$ 318,408</u>	<u>(94,099,652)</u>	<u>(91,353,662)</u>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes					23,818,768	11,257,068
Community Service					1,594,199	700,646
Debt Service					14,205,042	14,043,788
Capital Projects					8,331,369	6,372,556
State Aid Not Restricted to Specific Purposes					50,310,068	55,326,174
Earnings on Investments					522,972	830,633
Gain on Sale of Capital Assets					-	42,650
Miscellaneous					558,333	1,648,539
Total General Revenues					<u>99,340,751</u>	<u>90,222,054</u>
Change in Net Position					5,241,099	(1,131,608)
Net Position - Beginning of Year					29,568,694	30,700,302
Restatement Due to Change in Accounting Principal - See Note 14					(68,451,327)	-
Net Position - Beginning of Year, as Restated					<u>(38,882,633)</u>	<u>30,700,302</u>
Net Position - Ending					<u>\$ (33,641,534)</u>	<u>\$ 29,568,694</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	Funds	
						2015	2014
<b>ASSETS</b>							
Cash and Investments	\$ 20,651,026	\$ 172,730	\$ 2,120,934	\$ 10,428,633	\$ 9,849,299	\$ 43,222,622	\$ 36,421,440
Cash and Investments Held by Trustee	-	-	-	128,743	-	128,743	26,758,947
Receivables:							
Current Property Taxes	15,917,485	-	721,528	-	7,456,241	24,095,254	23,766,074
Delinquent Property Taxes	275,608	-	14,616	-	143,976	434,200	236,398
Due from Other Minnesota School Districts	262,266	152	52,354	-	-	314,772	623,953
Due from Minnesota Department of Education	8,463,391	27,327	45,773	-	-	8,536,491	7,365,131
Due from Federal through Minnesota Department of Education	2,299,460	87,783	312,103	-	-	2,699,346	2,667,598
Due from Federal Government Received Directly	-	-	-	-	-	-	5,902
Due from Other Governmental Units	2,187,975	81	46,282	8,513	-	2,242,851	440,247
Other Receivables	259,875	18,240	149,806	350	-	428,271	557,107
Due from Other Funds	162,521	-	-	-	-	162,521	663,840
Prepaid Items	141,276	-	9,886	185,365	-	336,527	473,941
Inventory	86,130	55,135	-	-	-	141,265	101,046
<b>Total Assets</b>	<b>\$ 50,707,013</b>	<b>\$ 361,448</b>	<b>\$ 3,473,282</b>	<b>\$ 10,751,604</b>	<b>\$ 17,449,516</b>	<b>\$ 82,742,863</b>	<b>\$ 100,081,624</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 108,268	\$ 12,369	\$ 91,408	\$ 6,707	\$ -	\$ 218,752	\$ 293,619
Payroll Deductions and Employer Contributions Payable	372,899	6,606	39,762	3,279	-	422,546	358,510
Accounts and Contracts Payable	921,802	55,139	57,768	3,498,517	-	4,533,226	5,198,273
Due to Other Governmental Units	664,190	-	345,008	45	-	1,009,243	854,218
Due to Other Funds	-	-	-	-	-	-	29,124
Unearned Revenue:							
Local Sources	386,950	-	13,228	-	-	400,178	539,893
Total Liabilities	2,454,109	74,114	547,174	3,508,548	-	6,583,945	7,273,637
Deferred Inflows of Resources:							
Unavailable Revenue:							
Property Taxes Levied for Subsequent Year	29,796,780	-	1,455,341	-	15,039,427	46,291,548	43,534,097
Delinquent Property Taxes	275,608	-	14,616	-	143,976	434,200	236,398
Total Deferred Inflows	30,072,388	-	1,469,957	-	15,183,403	46,725,748	43,770,495
Fund Balance:							
Nonspendable:							
Prepaid Items	141,276	-	9,886	185,365	-	336,527	473,941
Inventory	86,130	55,135	-	-	-	141,265	101,046
Restricted for:							
Staff Development	416,843	-	-	-	-	416,843	433,940
Down Payment Levy	-	-	-	-	-	-	1,046,779
Alternative Facilities Program	-	-	-	3,375,887	-	3,375,887	2,596,609
Operating Capital	689,408	-	-	-	-	689,408	255,430
Community Education Programs	-	-	1,024,671	-	-	1,024,671	868,877
Early Childhood and Family Educations Programs	-	-	129,072	-	-	129,072	48,526
School Readiness	-	-	30,038	-	-	30,038	4,542
Adult Basic Education	-	-	138,178	-	-	138,178	122,450
Bond Refundings	-	-	-	-	-	-	20,896,800
Other Purposes	-	232,199	124,306	3,681,804	2,266,113	6,304,422	6,078,776
Committed for:							
Elementary School World Language	5,735,000	-	-	-	-	5,735,000	6,041,951
Assigned for:							
Q-Comp	7,870	-	-	-	-	7,870	10,622
Buses and Bus Shelters	180,500	-	-	-	-	180,500	-
Band Instruments	80,000	-	-	-	-	80,000	-
Construction Projects	-	-	-	-	-	-	223,113
OPEB and Severance Payments	1,000,000	-	-	-	-	1,000,000	1,000,000
Senior Year Study	50,000	-	-	-	-	50,000	-
Unassigned	9,793,489	-	-	-	-	9,793,489	8,834,090
Total Fund Balance	18,180,516	287,334	1,456,151	7,243,056	2,266,113	29,433,170	49,037,492
Total Liabilities and Fund Balance	<b>\$ 50,707,013</b>	<b>\$ 361,448</b>	<b>\$ 3,473,282</b>	<b>\$ 10,751,604</b>	<b>\$ 17,449,516</b>	<b>\$ 82,742,863</b>	<b>\$ 100,081,624</b>

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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	2015	2014
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 29,433,170</b>	<b>\$ 49,037,492</b>

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	8,491,896	5,442,774
Land Improvements, Net of Accumulated Depreciation	6,943,137	7,276,274
Buildings and Improvements, Net of Accumulated Depreciation	128,283,467	120,388,577
Equipment, Net of Accumulated Depreciation	8,707,469	7,676,749

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.

	434,200	236,398
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

	(2,743,158)	(2,814,555)
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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 are:

	25,624,264	25,412,801
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The District's net pension liability and related deferred inflows and outflows for its defined benefit pension plans are recorded only on the statement of net position. Balances at year end are:

Net Pension Liability	(58,588,203)	-
Deferred Inflows of Resources - Pensions	(18,626,071)	-
Deferred Outflows of Resources - Pensions	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	(149,270,000)	(163,030,000)
Unamortized Premiums	(4,319,698)	(3,914,393)
Unamortized Discounts	70,960	74,898
Capital Lease Payable	(8,144,672)	(8,594,661)
Other Postemployment Benefits Payable	(9,816,050)	(7,977,441)
Retirement Incentive Benefits Payable	(3,282,196)	(2,513,819)

<b>Total Net Position of Governmental Activities</b>	<b>\$ (33,641,534)</b>	<b>\$ 29,568,694</b>
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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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2015	2014
<b>REVENUES</b>							
Local Sources:							
Property Taxes	\$ 23,720,510	\$ -	\$ 1,587,623	\$ 8,297,000	\$ 14,146,443	\$ 47,751,576	\$ 32,904,587
Earnings on Investments	6,217	191	1,005	3,579	41,332	52,324	41,037
Other	3,848,440	2,281,440	5,835,179	141,220	-	12,106,279	12,676,441
State Sources	59,904,963	213,982	1,818,096	-	(338)	61,936,703	68,092,504
Federal Sources	2,464,613	1,890,757	445,330	-	-	4,800,700	4,676,489
Total Revenues	89,944,743	4,386,370	9,687,233	8,441,799	14,187,437	126,647,582	118,391,058
<b>EXPENDITURES</b>							
Current:							
Administration	3,800,920	-	-	-	-	3,800,920	3,457,551
District Support Services	2,176,186	-	-	-	-	2,176,186	1,960,920
Regular Instruction	42,182,408	-	-	-	-	42,182,408	40,454,347
Vocational Education Instruction	1,082,007	-	-	-	-	1,082,007	972,508
Special Education Instruction	14,820,763	-	-	-	-	14,820,763	14,399,228
Instructional Support Services	4,181,973	-	-	-	-	4,181,973	3,969,721
Pupil Support Services	7,824,549	-	-	-	-	7,824,549	7,507,772
Sites and Buildings	8,257,340	-	-	-	-	8,257,340	8,087,321
Fiscal and Other Fixed Cost Programs	424,278	-	-	-	-	424,278	271,000
Food Service	-	4,328,328	-	-	-	4,328,328	3,952,468
Community Service	-	-	9,787,057	-	-	9,787,057	10,451,595
Capital Outlay	1,720,371	28,782	52,806	25,527,966	-	27,329,925	20,920,610
Debt Service:							
Principal	51,513	-	-	-	8,055,000	8,106,513	9,899,521
Interest and Fiscal Charges	4,272	-	-	-	6,553,841	6,558,113	6,595,604
Total Expenditures	86,526,580	4,357,110	9,839,863	25,527,966	14,608,841	140,860,360	132,900,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,418,163	29,260	(152,630)	(17,086,167)	(421,404)	(14,212,778)	(14,509,108)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from Sale of Equipment	-	2,986	-	46,335	-	49,321	44,378
Proceeds from Insurance Recovery	1,113	-	-	-	-	1,113	28,836
Certificate of Participation Issuance	-	-	-	-	-	-	8,490,000
Bond Proceeds	-	-	-	14,545,000	-	14,545,000	-
Bond Premium	-	-	-	763,022	-	763,022	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	(20,250,000)	(20,250,000)	-
Transfers In	-	-	450,000	1,323,113	-	1,773,113	1,650,000
Transfers Out	(2,273,113)	-	-	-	-	(2,273,113)	(1,650,000)
Total Other Financing Sources (Uses)	(2,272,000)	2,986	450,000	16,677,470	(20,250,000)	(5,391,544)	8,563,214
Net Change in Fund Balances	1,146,163	32,246	297,370	(408,697)	(20,671,404)	(19,604,322)	(5,945,894)
Fund Balances - Beginning	17,034,353	255,088	1,158,781	7,651,753	22,937,517	49,037,492	54,983,386
Fund Balances - Ending	\$ 18,180,516	\$ 287,334	\$ 1,456,151	\$ 7,243,056	\$ 2,266,113	\$ 29,433,170	\$ 49,037,492

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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	2015	2014
<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ (19,604,322)</b>	<b>\$ (5,945,894)</b>

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	19,869,550	12,846,775
Gain (Loss) on Disposal of Capital Assets	(128,475)	42,650
Proceeds from Sale of Capital Assets	(49,321)	(44,378)
Depreciation Expense	(8,050,159)	(6,963,552)

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.

Other Financing Source - Capital Lease	-	(8,490,000)
Change in Accrued Interest Expense - Capital Leases	(103,060)	1,747
Principal Payments - Capital Leases	449,989	49,929

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. In the statement of activities, however, interest expense is recognized as it accrues, regardless of 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 Bond Proceeds	(14,545,000)	-
Payment to Refunding Bond Escrow Agent	20,250,000	-
Bond Premium	(763,022)	-
Repayment of Improvement Loans Payable	-	1,424,521
Repayment of Bond Principal	8,055,000	8,475,000
Change in Accrued Interest Expense - General Obligation Bonds	174,457	(432,240)
Amortization of Bond Premium	357,717	437,108
Amortization of Bond Discount	(3,938)	(11,083)

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 unavailable in the funds.

	197,802	(530,529)
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In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

	(2,606,986)	(1,998,816)
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Pension expenses on the governmental funds are measured by current year employee 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.

	1,529,404	-
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Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.

	211,463	7,154
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 5,241,099</b>	<b>\$ (1,131,608)</b>
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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, 2015**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 23,761,722	\$ 23,463,016	\$ 23,720,510	\$ 257,494
Earnings on Investments	3,691	4,427	6,217	1,790
Other	3,301,771	3,716,302	3,848,440	132,138
State Sources	58,079,653	59,106,334	59,904,963	798,629
Federal Sources	3,188,071	3,209,571	2,464,613	(744,958)
Total Revenues	<u>88,334,908</u>	<u>89,499,650</u>	<u>89,944,743</u>	<u>445,093</u>
<b>EXPENDITURES</b>				
Current:				
Administration	3,868,113	3,890,254	3,800,920	(89,334)
District Support Services	2,037,906	2,244,053	2,176,186	(67,867)
Elementary and Secondary Regular Instruction	42,797,297	42,448,443	42,182,408	(266,035)
Vocational Education Instruction	1,110,973	1,076,681	1,082,007	5,326
Special Education Instruction	14,606,544	14,787,511	14,820,763	33,252
Instructional Support Services	4,252,655	4,559,569	4,181,973	(377,596)
Pupil Support Services	7,819,367	7,916,832	7,824,549	(92,283)
Sites and Buildings	8,443,224	7,968,746	8,257,340	288,594
Fiscal and Other Fixed Cost Programs	308,000	271,000	424,278	153,278
Capital Outlay	1,438,267	2,230,263	1,720,371	(509,892)
Total Expenditures	<u>86,682,346</u>	<u>87,393,352</u>	<u>86,526,580</u>	<u>(866,772)</u>
Excess of Revenues Over Expenditures	1,652,562	2,106,298	3,418,163	1,311,865
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Recovery Proceeds	-	-	1,113	1,113
Transfers Out	(1,338,209)	(2,273,113)	(2,273,113)	-
Total Other Financing Sources (Uses)	<u>(1,338,209)</u>	<u>(2,273,113)</u>	<u>(2,272,000)</u>	<u>1,113</u>
Net Change in Fund Balance	<u>\$ 314,353</u>	<u>\$ (166,815)</u>	1,146,163	<u>\$ 1,312,978</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>17,034,353</u>	
End of Year			<u>\$ 18,180,516</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, 2015**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Earnings on Investments	\$ -	\$ -	\$ 191	\$ 191
Other - Primarily Meal Sales	2,082,675	2,286,857	2,281,440	(5,417)
State Sources	155,818	186,276	213,982	27,706
Federal Sources	1,566,307	1,839,504	1,890,757	51,253
Total Revenues	<u>3,804,800</u>	<u>4,312,637</u>	<u>4,386,370</u>	<u>73,733</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	3,717,019	4,151,547	4,328,328	176,781
Capital Outlay	57,123	60,832	28,782	(32,050)
Total Expenditures	<u>3,774,142</u>	<u>4,212,379</u>	<u>4,357,110</u>	<u>144,731</u>
Excess of Revenues Over Expenditures	30,658	100,258	29,260	(70,998)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Sale of Equipment	-	2,886	2,986	100
Net Change in Fund Balance	<u>\$ 30,658</u>	<u>\$ 103,144</u>	32,246	<u>\$ (70,898)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>255,088</u>	
End of Year			<u>\$ 287,334</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 1,586,853	\$ 1,642,163	\$ 1,587,623	\$ (54,540)
Earnings on Investments	-	-	1,005	1,005
Other - Primarily Tuition and Fees	5,571,633	5,455,559	5,835,179	379,620
State Sources	1,815,792	1,871,415	1,818,096	(53,319)
Federal Sources	<u>561,958</u>	<u>515,320</u>	<u>445,330</u>	<u>(69,990)</u>
Total Revenues	9,536,236	9,484,457	9,687,233	202,776
<b>EXPENDITURES</b>				
Current:				
Community Service	9,866,004	9,845,280	9,787,057	(58,223)
Capital Outlay	<u>61,748</u>	<u>90,999</u>	<u>52,806</u>	<u>(38,193)</u>
Total Expenditures	<u>9,927,752</u>	<u>9,936,279</u>	<u>9,839,863</u>	<u>(96,416)</u>
Deficiency of Revenues Under Expenditures	(391,516)	(451,822)	(152,630)	299,192
<b>OTHER FINANCING SOURCES</b>				
Transfer In	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 58,484</u>	<u>\$ (1,822)</u>	297,370	<u>\$ 299,192</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>1,158,781</u>	
End of Year			<u>\$ 1,456,151</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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	Governmental Activities - Internal Service Funds	
	2015	2014
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 27,388,228	\$ 27,680,917
Accounts Receivable	191,658	407,240
Total Current Assets	27,579,886	28,088,157
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	7,608	50,766
Claims Payable for Health and Dental Benefits	729,927	872,072
Due to Other Funds	162,521	634,716
Unearned Revenue	1,055,566	1,117,802
Total Current Liabilities	1,955,622	2,675,356
<b>NET POSITION</b>		
Restricted	15,596,919	15,401,568
Unrestricted	10,027,345	10,011,233
Total Net Position	\$ 25,624,264	\$ 25,412,801

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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	Governmental Activities - Internal Service Funds	
	2015	2014
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 9,548,953	\$ 9,457,578
<b>OPERATING EXPENSES</b>		
Health Insurance Claim Payments	9,271,418	8,676,950
OPEB Payments	271,614	739,808
Severance Payments	765,106	823,262
Total Operating Expenses	10,308,138	10,240,020
Operating Loss	(759,185)	(782,442)
<b>NONOPERATING INCOME (LOSS)</b>		
Earnings on Investments	470,648	789,596
Income (Loss) Before Transfers	(288,537)	7,154
<b>TRANSFERS</b>		
Transfer In	500,000	-
Change in Net Position	211,463	7,154
Total Net Position - Beginning	25,412,801	25,405,647
Total Net Position - Ending	\$ 25,624,264	\$ 25,412,801

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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	Governmental Activities - Internal Service Funds	
	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Interfund Services Provided	\$ 9,727,309	\$ 9,459,626
Payments for Administrative Costs	(33,752)	40,402
Payments for Medical Fees and Insurance Claims	(9,422,969)	(8,446,674)
Payments for OPEB	(743,809)	(1,253,271)
Payments for Retirement Benefits	(765,106)	(823,262)
Net Cash Used by Operating Activities	<u>(1,238,327)</u>	<u>(1,023,179)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from Other Funds	500,000	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	<u>(222,718)</u>	<u>103,953</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(961,045)	(919,226)
Cash and Cash Equivalents - Beginning	<u>12,749,713</u>	<u>13,668,939</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 11,788,668</u>	<u>\$ 12,749,713</u>
<b>DISPLAYED ON STATEMENT OF FUND NET POSITION AS:</b>		
Cash and Cash Equivalents	\$ 11,788,668	\$ 12,749,713
Investments	15,599,560	14,931,204
Cash and Investments	<u>\$ 27,388,228</u>	<u>\$ 27,680,917</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (759,185)	\$ (782,442)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
(Increase) Decrease in Accounts Receivable	240,592	(59,020)
Increase (Decrease) in Accounts Payable	(43,158)	49,288
Increase (Decrease) in Claims Payable	(142,145)	221,390
Decrease in Due to Other Funds	(472,195)	(513,463)
Increase (Decrease) in Unearned Revenue	(62,236)	61,068
Total Adjustments	<u>(479,142)</u>	<u>(240,737)</u>
Net Cash Used by Operating Activities	<u>\$ (1,238,327)</u>	<u>\$ (1,023,179)</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

	Private- Purpose Trust
<b>ASSETS</b>	
Cash and Investments	\$ 102,136
Prepays	910
Total Assets	103,046
<b>LIABILITIES</b>	
Accounts and Contracts Payable	38,235
Due to Plan Participants	1,498
Total Liabilities	39,733
<b>NET POSITION</b>	
Assets Held In Trust for Other Purposes	\$ 63,313

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2015**

	Private- Purpose Trust
<b>ADDITIONS</b>	
Gifts and Donations	\$ 23,098
Earnings on Investments	37
Total Additions	23,135
<b>DEDUCTIONS</b>	
Scholarships Awarded	5,500
Miscellaneous	24,404
Total Deductions	29,904
Net Decrease in Net Position	(6,769)
Net Position - Beginning of Year	70,082
Net Position - End of Year	\$ 63,313

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, 2015**

**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, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Change in Accounting Principle

During fiscal year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. They also improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. See Note 14 for more detail of the effect of this change in accounting principle on the financial statements.

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, 2015**

**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, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Measurement Focus and Basis of Accounting

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, 2015**

**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, 2015**

**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 June, 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, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

F. Budgeting (Continued)

Budgeted amounts include mid-year budget amendments as follows:

<u>Revenues</u>	<u>Original Budget</u>	<u>Amendments</u>	<u>Amended Budget</u>
General Fund	\$ 88,334,908	\$ 1,164,742	\$ 89,499,650
Special Revenue Funds:			
Food Service Fund	3,804,800	507,837	4,312,637
Community Service Fund	9,536,236	(51,779)	9,484,457
Debt Service Fund	14,418,276	39,300	14,457,576
 <u>Expenditures</u>			
General Fund	\$ 86,682,346	\$ 711,006	\$ 87,393,352
Special Revenue Funds:			
Food Service Fund	3,774,142	438,237	4,212,379
Community Service Fund	9,927,752	8,527	9,936,279
Capital Projects Fund	20,760,534	1,661,200	22,421,734

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.

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.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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."



**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Property Taxes (Continued)**

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 2015 with no corresponding state aid adjustment. Certain other portions of the District's 2014 pay 2015 levy, normally revenue for the 2015-16 fiscal year, are also advance recognized at June 30, 2015, 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, 2015, 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.

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.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015, 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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2014, 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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015.

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

**HOPKINS PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

- 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

At June 30, 2015, the District’s investment balances were as follows:

**Minnesota School District Liquid Asset Fund**

	<u>Carrying Value</u>
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	\$ 55,108,533

The MSDLAF+ is an external investment pool and its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

**Credit Risk** – The MSDLAF+ pool is rated AAAM by Standard & Poor’s.

**Cash Investments Held by Trustee**

United States Treasury Securities	\$ 128,743
Money Market	-
Total Held by Trustee	\$ 128,743

The above U.S. Treasury Securities are held by an escrow agent in accordance with escrow agreements established with the sale of the General Obligation Refunding Bonds of 2013B and the 2014 lease levy financing arrangements.

**HOPKINS PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

A. Investments (Continued)

**Investments Held by the District**

Type	Total	Maturity Duration in Years			
		Less Than 1	1 to 2	2 to 5	More than 5
Governmental Agencies	\$ 2,220,334	\$ 305,820	\$ 642,177	\$ 305,655	\$ 966,682
Municipal Bonds	10,202,894	-	214,998	1,225,723	8,762,173
U.S. Treasury Notes	1,198,657	126,000	112,025	102,140	858,492
Corporate Bonds	934,051	-	-	3,588	930,463
Mutual Funds	805,943	805,943	-	-	-
Money Market Funds	371,317	371,317	-	-	-
Total	<u>\$ 15,733,196</u>	<u>\$ 1,609,080</u>	<u>\$ 969,200</u>	<u>\$ 1,637,106</u>	<u>\$ 11,517,810</u>

***Custodial Credit Risk***

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School District will eliminate investment Custodial Credit Risk by permitting brokers that obtained investments for the School District to hold them only to the extent there is SIPC and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage's shall be transferred to the School District's custodian.

***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 policy requires that all brokers used by the District must acknowledge in writing that investments purchased through the broker must comply with Minnesota state statutes governing the investment of public funds. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District requires purchases of securities to be laddered with staggered maturity dates.



**HOPKINS PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

***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.

Type	Credit Quality Rating	Amount
Governmental Agencies	AAA - AA	\$ 2,220,334
Municipal Bonds	AAA - AA	10,202,894
U.S. Treasury Notes	AAA	1,198,657
Corporate Bonds	A - BBB-	934,051
Mutual Funds	NR	805,943
Money Market Funds	AAA	371,317
Total		<u>\$ 15,733,196</u>

***Concentration of Credit Risk***

The District places no limit on the amount that the District may invest in any one issuer. As of June 30, 2015, the District did not have any investments which individually comprised more than 5% of the District's total investments.

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

Cash and Investments - Statement of Net Position	\$ 70,610,850
Cash and Investments Held by Trustee - Statement of Net Position	128,743
Cash and Investments - Statement of Fiduciary Net Position	102,136
Total Cash and Investments	<u>\$ 70,841,729</u>

C. Other Postemployment Benefit Trust Account

Fiduciary Funds held in the District's Other Postemployment Benefit Trust account may be invested as authorized by Minnesota Statutes Chapter 356A. The funds are invested in accordance with the investment policy adopted by the District for the OPEB Revocable Trust. State statute does not limit the allowable investments for OPEB trust assets.

**HOPKINS PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,867,600	\$ -	\$ -	\$ 2,867,600
Construction in Progress	5,442,774	13,228,639	(10,179,517)	8,491,896
Total Capital Assets, Not Being Depreciated	<u>8,310,374</u>	<u>13,228,639</u>	<u>(10,179,517)</u>	<u>11,359,496</u>
Capital Assets, Being Depreciated:				
Land Improvements	15,387,103	416,232	(808,880)	14,994,455
Buildings and Improvements	191,726,454	14,004,000	-	205,730,454
Equipment	21,368,246	2,400,196	(4,075,446)	19,692,996
Total Capital Assets, Being Depreciated	<u>228,481,803</u>	<u>16,820,428</u>	<u>(4,884,326)</u>	<u>240,417,905</u>
Accumulated Depreciation for:				
Land Improvements	(8,110,829)	(747,437)	806,948	(8,051,318)
Buildings and Improvements	(71,337,877)	(6,109,110)	-	(77,446,987)
Equipment	(13,691,497)	(1,193,612)	3,899,582	(10,985,527)
Total Accumulated Depreciation	<u>(93,140,203)</u>	<u>(8,050,159)</u>	<u>4,706,530</u>	<u>(96,483,832)</u>
Total Capital Assets, Being Depreciated, Net	<u>135,341,600</u>	<u>8,770,269</u>	<u>(177,796)</u>	<u>143,934,073</u>
Governmental Activities Capital Assets, Net	<u>\$ 143,651,974</u>	<u>\$ 21,998,908</u>	<u>\$ (10,357,313)</u>	<u>\$ 155,293,569</u>

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

<b>Governmental Activities</b>	
District Support Services	\$ 1,467
Regular Instruction	402,508
Vocational Education Instruction	1,108
Pupil Support Services	118,342
Sites and Buildings	7,408,526
Community Service	118,208
Total Depreciation Expense, Governmental Activities	<u>\$ 8,050,159</u>

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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
12-13-2006	4.00% - 5.00%	\$ 32,045,000	2-1-2022	\$ 2,895,000	\$ 23,270,000
1-15-2009	5.00% - 5.25%	10,100,000	2-1-2018	2,505,000	8,560,000
5-19-2009	3.00% - 4.00%	24,300,000	2-1-2027	270,000	22,630,000
10-20-2009	4.05% - 4.45%	9,335,000	2-1-2020	660,000	9,335,000
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	295,000	1,875,000
6-27-2012	0.45% - 1.80%	6,120,000	2-1-2022	660,000	4,815,000
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	1,440,000	18,940,000
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	290,000	4,425,000
Total General Obligation Bonds				9,015,000	149,270,000
Bond Premium - Net				-	4,319,698
Bond Discounts - Net				-	(70,960)
Capital Lease Payable				499,917	8,144,672
Pension Benefits Payable - Defined Benefit Plans				-	58,588,203
Pension Benefits Payable - Defined Contribution Plans				-	3,282,196
Other Postemployment Benefits Payable				-	9,816,050
				<u>\$ 9,514,917</u>	<u>\$ 233,349,859</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 Obligations Payable	
	Principal	Interest	Principal	Interest
2016	\$ 9,015,000	\$ 5,649,580	\$ 506,735	\$ 289,085
2017	9,470,000	5,420,131	470,064	270,921
2018	10,125,000	5,019,809	487,142	253,843
2019	10,430,000	4,575,074	504,840	236,144
2020	10,960,000	4,176,116	523,183	217,801
2021 - 2025	53,825,000	14,472,542	2,915,301	789,624
2026 - 2030	45,445,000	5,558,425	2,737,407	226,533
Total	<u>\$ 149,270,000</u>	<u>\$ 44,871,677</u>	<u>\$ 8,144,672</u>	<u>\$ 2,283,951</u>

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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 December 13, 2006, the District issued \$32,045,000 of General Obligation School Building Refunding Bonds, Series 2006C, to advance refund on February 1, 2012, the 2013 through 2022 maturities of the District's outstanding \$50,455,000 General Obligation School Building Bonds, Series 2002. This current refunding reduced the District's total future debt service payments by \$1,559,293 and resulted in a present value savings of \$1,038,455.

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.

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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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:

Asset:		
Equipment	\$	272,050
Less: Accumulated Depreciation		<u>(107,120)</u>
Total		<u><u>\$ 164,930</u></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, 2014	Additions	Retirements	June 30, 2015
Bonds Payable	\$ 163,030,000	\$ 14,545,000	\$ 28,305,000	\$ 149,270,000
Bond Premium	3,914,393	763,022	357,717	4,319,698
Bond Discounts	(74,898)	-	(3,938)	(70,960)
Capital Lease Payable	8,594,661	-	449,989	8,144,672
Pension Benefits Payable - Defined Benefit Plans	72,679,495	-	14,091,292	58,588,203
Pension Benefits Payable - Defined Contribution Plans	2,513,819	1,533,484	765,107	3,282,196
Other Postemployment Benefits Payable	7,977,441	3,119,216	1,280,607	9,816,050
	<u>\$ 258,634,911</u>	<u>\$ 19,960,722</u>	<u>\$ 45,245,774</u>	<u>\$ 233,349,859</u>

Note: The beginning defined benefit plan net pension liability is part of the District's restatement of beginning net position (see Note 14).

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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 Down Payment Levy

The District has restricted amounts related to the down payment levy.

C. Restricted for Alternative Facilities Program

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

D. Restricted for Operating Capital

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

E. Restricted for Community Education Programs

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

F. Restricted for Early Childhood and Family Education Programs

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

G. Restricted for School Readiness

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

H. Restricted for Adult Basic Education Programs

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

I. Restricted for Bond Refundings

Restricted for amounts held in escrow for the future refunding of callable bonds of the District.

J. Restricted for Other Purposes

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**HOPKINS PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 FUND BALANCES (CONTINUED)**

- K. Committed for Elementary School World Language  
Represents resources segregated from the Unassigned Fund Balance committed to fund the Spanish language at the District's elementary schools for the next 10 years.
- L. Assigned for QComp  
Represents amounts assigned for paying QComp in accordance with the HEA agreement.
- M. Assigned for Construction Projects  
Represents amounts assigned for various construction projects.
- N. Assigned for OPEB and Severance Payments  
Represents amounts assigned for OPEB-related and severance commitments to District staff.

**NOTE 6 INTERFUND BALANCES AND TRANSFERS**

The District has the following interfund receivable and payable at June 30, 2015:

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
General Fund	\$ 162,521	\$ -
OPEB Revocable Trust Internal Service Fund	-	162,521
Total	<u>\$ 162,521</u>	<u>\$ 162,521</u>

The purpose of these interfund balances was as follows:

The Revocable Trust Fund owes the General Fund \$162,521 for OPEB payments which the General Fund had made during fiscal 2015.

The District had the following interfund transfers during the year ended June 30, 2015:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,273,113
Community Service Special Revenue Fund	450,000	-
Capital Projects Fund	1,323,113	-
Severance Internal Service Fund	500,000	-
Total	<u>\$ 2,273,113</u>	<u>\$ 2,273,113</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, \$1,323,113 into the Capital Projects Fund for an addition to Alice Smith Elementary and other construction projects, and \$500,000 to the Severance Internal Service Fund to fund severance costs and extend the life of the OPEB trust.



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**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*

<u>Tier 1</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years of Service 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. GERF Contributions**

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in calendar year 2014. Coordinated Plan members contributed 6.5% of pay in 2015. In calendar year 2014, the District was required to contribute 11.78% of pay for Basic Plan members and 7.25% for Coordinated Plan members. In 2015, employer rates increased to 7.5% in the Coordinated Plan. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2015, were \$1,365,524. 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:

	Ended June 30, 2014		Ended June 30, 2015	
	Employee	Employer	Employee	Employer
Basic	10.50%	11.00%	11.00%	11.50%
Coordinated	7.0	7.0	7.5	7.5

The District's contributions to TRA for the plan's fiscal year ended June 30, 2015, were \$3,269,032. 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, 2015, the District reported a liability of \$15,623,882 for its proportionate share of the GERF'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 received by PERA during the measurement period for employer payroll paid dates from July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the District's proportion was 0.3326%.

For the year ended June 30, 2015, the District recognized pension expense of \$1,159,841 for its proportionate share of GERF's pension expense.

At June 30, 2015, 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	\$ 239,779	\$ -
Changes in Actuarial Assumptions	1,610,197	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,221,559
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	-
District Contributions Subsequent to the Measurement Date	1,365,524	-
Total	<u>\$ 3,215,500</u>	<u>\$ 4,221,559</u>

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**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**1. GERF Pension Costs (Continued)**

A total of \$1,365,524 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pension Expenses Amount</u>
2016	\$ (438,731)
2017	(438,731)
2018	(438,731)
2019	(1,055,390)

**2. TRA Pension Costs**

At June 30, 2015, the District reported a liability of \$42,964,321 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 0.9324% at the end of the measurement period and 0.9513% for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA Net Pension Liability	\$ 42,964,321
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	3,022,504

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.

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**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**2. TRA Pension Costs (Continued)**

For the year ended June 30, 2015, the District recognized pension expense of \$1,974,990.

At June 30, 2015, 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	\$ 3,666,022	\$ -
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Investment Earnings	-	13,507,548
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	755,168
District Contributions Subsequent to the Measurement Date	3,269,032	
Total	<u>\$ 6,935,054</u>	<u>\$ 14,262,716</u>

A total of \$3,269,032 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expenses Amount
2016	\$ (2,769,193)
2017	(2,769,193)
2018	(2,769,193)
2019	(2,769,193)
2020	480,078

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**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

E. Actuarial Assumptions

The total pension liability in the June 30, 2014, 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	3.75% Based on Years of Service
Investment Rate of Return	7.90%	8.25%

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, 2014, valuation were based on the results of actuarial experience studies. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of the actuarial experience study for the period of July 1, 2004, to 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 GFRF occurred in 2014: As of July 1, 2013, the postretirement benefit increase rate was assumed to increase from 1.0% to 2.5% on January 1, 2046. As of July 1, 2014, the postretirement benefit increase rate was assumed to increase from 1.0% to 2.5% on January 1, 2031.

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 to 2.5% annually once the legally specified criteria are met. This is estimated to occur July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.9% for GFRF and 8.25% 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.



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**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

E. Actuarial Assumptions (Continued)

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>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9% for GERF and 8.25% for TRA. 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.

G. Pension Liability Sensitivity

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

Description	1% Decrease	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	\$ 25,186,328	\$ 15,623,882	\$ 7,756,239
<u>TRA Discount Rate</u>	7.25%	8.25%	9.25%
District's Proportionate Share of the TRA Net Pension Liability	\$ 71,005,309	\$ 42,964,321	\$ 19,587,831

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**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

H. Pension Plan Fiduciary Net Position

Detailed information about GERP'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](http://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](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

**NOTE 8 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 2015, the District contributed \$1,280,607 to the plan.

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)**

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	319,096
Adjustment to Annual Required Contribution	<u>(621,146)</u>
Annual OPEB Cost	3,119,214
Contributions Made	<u>(1,280,605)</u>
Increase in Net OPEB Obligation	1,838,609
Net OPEB Obligation - Beginning of Year	<u>7,977,441</u>
Net OPEB Obligation - End of Year	<u><u>\$ 9,816,050</u></u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014, and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 3,119,214	41.1%	\$ 9,816,050
6/30/2014	2,969,131	46.4%	7,977,441
6/30/2013	3,027,999	49.6%	6,387,373

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, 2015, the value of assets in the revocable trust totaled \$15,596,919, which is 87.5% of the actuarially accrued liability.

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)**

D. Funded Status and Funding Progress (Continued)

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.

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, 2015 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 contribution 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.

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**NOTE 9 OTHER PENSION BENEFITS PAYABLE (CONTINUED)**

A. Plan Description (Continued)

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.

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	100,553
Adjustment to Annual Required Contribution	<u>(197,203)</u>
Annual Pension Cost	1,533,484
Contributions Made	<u>(765,107)</u>
Increase in Net Pension Obligation	768,377
Net Pension Obligation - Beginning of Year	<u>2,513,819</u>
Net Pension Obligation - End of Year	<u><u>\$ 3,282,196</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 2015, 2014 and 2013 was:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2015	\$ 1,533,484	49.9%	\$ 3,282,196
6/30/2014	1,232,010	66.8%	2,513,819
6/30/2013	1,249,644	65.0%	2,105,071

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**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, 2015 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, 2015**

**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, 2015, there is a reserve of \$3,807,834.

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, 2015. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$5,557,615 in cash and investments at June 30, 2015 for payment of claims.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

Changes in the balances of claim liabilities during fiscal years 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Beginning of Fiscal Year Liability - July 1,	\$ 872,072	\$ 650,395
Current Year Claims, Changes in Estimates and Other Charges	9,271,418	8,676,950
Current Year Claims Paid	<u>(9,413,563)</u>	<u>(8,455,273)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 729,927</u>	<u>\$ 872,072</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 ResourceWest Program. The lease terms extend for ten years through August 31, 2023 and include annual lease payments ranging from \$30,136 to \$31,564.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 131,544
2017	131,381
2018	56,219
2019	31,366
2020	31,445
2021-2024	<u>79,995</u>
Total Future Minimum Lease Payments	<u>\$ 461,950</u>



**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

C. Joint Powers Agreement

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

Operating results of the Lindbergh Center for fiscal 2014-2015 are as follows:

	<u>School District</u>	<u>City</u>
Total Expenditures	\$ 331,089	\$ 135,233
Total Revenue	(129,015)	(52,696)
Final Operating Costs to Respective Governmental Unit	<u>\$ 202,074</u>	<u>\$ 82,537</u>

D. Construction Commitments

At June 30, 2015, the District is committed to approximately \$6,584,537 on contracts in progress.

**NOTE 13 STEWARDSHIP AND ACCOUNTABILITY**

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2015:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 4,212,379	\$ 4,357,110	\$ 144,731
Capital Projects Fund	22,421,734	25,527,966	3,106,232
Debt Service Fund	13,923,539	14,608,841	685,302

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

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 14 RESTATEMENT OF BEGINNING NET POSITION**

During fiscal year 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and related Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. As a result, the District's net position as of June 30, 2014 has been restated to reflect the recognition of the School's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund's net pension liability as well as their portion of the Teacher's Retirement Association's Coordinated and Basic Plan net pension liability.

	Governmental Activities
Net Position, June 30, 2014, as Previously Reported	\$ 29,568,694
Cumulative Affect of Application of GASB 68, Net Pension Liability	(72,679,495)
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for District Contributions Made to the Plan During Fiscal Year Ending June 30, 2014	4,228,168
Net Position, June 30, 2014, as Restated	\$ (38,882,633)

## **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 (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	-	\$ 54,982,657	32.43%
7/1/2012	-	17,732,318	17,732,318	-	52,424,937	33.82%
7/1/2010	-	18,264,836	18,264,836	-	52,807,576	34.59%

Other Pension Benefits Payable						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (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	-	\$ 48,478,969	23.70%
7/1/2012	-	9,354,733	9,354,733	-	43,155,339	21.68
7/1/2010	-	8,188,384	8,188,384	-	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, 2015**

School's Proportion of the Net Pension Liability	0.9324%
School's Proportionate Share of the Net Pension Liability	\$ 42,964,321
State's Proportionate Share of the Net Pension Liability Associated with School	3,022,504
Total	<u>\$ 45,986,825</u>
School's Covered-Employee Payroll	\$ 43,587,093
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	98.57%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	81.50%

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
TRA SCHEDULE OF DISTRICT CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2015**

**Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 3,269,032	\$ 2,962,071
Contributions in Relation to the Statutorily Required Contribution	<u>(3,269,032)</u>	<u>(2,962,071)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 School's Covered-Employee Payroll	 \$ 43,587,093	 \$ 42,315,300
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.00%

**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, 2015**

School's Proportion of the Net Pension Liability		0.3326%
School's Proportionate Share of the Net Pension Liability	\$	15,623,882
School's Covered-Employee Payroll		18,515,580
School's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll		84.38%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability		78.70%

**HOPKINS PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 270  
 PERA SCHEDULE OF DISTRICT CONTRIBUTIONS  
 YEAR ENDED JUNE 30, 2015**

**Last Two Fiscal Years**

	2015	2014
Statutorily Required Contribution	\$ 1,365,524	\$ 1,266,097
Contributions in Relation to the Statutorily Required Contribution	(1,365,524)	(1,266,097)
Contribution Deficiency (Excess)	\$ -	\$ -
 School's Covered-Employee Payroll	 \$ 18,515,580	 \$ 17,769,782
Contributions as a Percentage of Covered Employee Payroll	0.07375	0.07125



## **SUPPLEMENTARY INFORMATION**

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Investments	\$ 20,651,026	\$ 19,281,050
Receivables:		
Current Taxes	15,917,485	15,806,706
Delinquent Taxes	275,608	146,751
Accounts and Interest Receivable	259,875	312,237
Due from Other Funds	162,521	634,484
Due from Other Minnesota School Districts	262,266	600,140
Due from Minnesota Department of Education	8,463,391	7,272,567
Due from Federal through the Minnesota Department of Education	2,299,460	2,217,732
Due from Federal Government Received Directly	-	5,902
Due from Other Governmental Units	2,187,975	381,662
Inventories	86,130	48,119
Prepaid Items	141,276	187,088
Total Assets	<u>\$ 50,707,013</u>	<u>\$ 46,894,438</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 108,268	\$ 199,509
Payroll Deductions and Employer Contributions Payable	372,899	311,263
Accounts and Contracts Payable	921,802	703,109
Due to Other Minnesota School Districts	607,720	434,612
Due to Other Governmental Units	56,470	45,130
Unearned Revenue - Other	386,950	538,893
Total Liabilities	<u>2,454,109</u>	<u>2,232,516</u>
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	29,796,780	27,480,818
Unavailable Revenue - Delinquent Taxes	275,608	146,751
Total Deferred Inflows of Resources	<u>30,072,388</u>	<u>27,627,569</u>
Fund Balance:		
Nonspendable:		
Prepaid Items	141,276	187,088
Inventory	86,130	48,119
Restricted for:		
Staff Development	416,843	433,940
Operating Capital	689,408	255,430
Committed for:		
Elementary School World Language	5,735,000	6,041,951
Assigned for:		
Q-Comp	7,870	10,622
Buses and Bus Shelters	180,500	-
Band Instruments	80,000	-
Construction Projects	-	223,113
OPEB and Severance Payments	1,000,000	1,000,000
Senior Year Study	50,000	-
Unassigned	9,793,489	8,834,090
Total Fund Balance	<u>18,180,516</u>	<u>17,034,353</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 50,707,013</u>	<u>\$ 46,894,438</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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	2015		Over (Under) Final Budget	2014
	Final Budget	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 23,463,016	\$ 23,720,510	\$ 257,494	\$ 11,441,543
Earnings on Investments	4,427	6,217	1,790	4,427
Other	3,716,302	3,848,440	132,138	3,997,421
State Sources	59,106,334	59,904,963	798,629	65,449,897
Federal Sources	3,209,571	2,464,613	(744,958)	2,600,309
Total Revenues	89,499,650	89,944,743	445,093	83,493,597
<b>EXPENDITURES</b>				
Current:				
Administration:				
Salaries	2,780,542	2,740,077	(40,465)	2,464,629
Employee Benefits	725,602	736,718	11,116	679,555
Purchased Services	209,452	191,440	(18,012)	193,340
Supplies and Materials	115,641	80,925	(34,716)	73,146
Capital Expenditures	128,390	98,944	(29,446)	116,725
Other Expenditures	59,017	51,760	(7,257)	46,881
Total Administration	4,018,644	3,899,864	(118,780)	3,574,276
District Support Services:				
Salaries	1,203,458	1,223,413	19,955	1,202,449
Employee Benefits	341,508	376,747	35,239	356,907
Purchased Services	533,221	459,753	(73,468)	237,367
Supplies and Materials	144,333	121,792	(22,541)	149,015
Capital Expenditures	-	25	25	132,458
Other Expenditures	21,533	(5,519)	(27,052)	15,182
Total District Support Services	2,244,053	2,176,211	(67,842)	2,093,378
Elementary and Secondary Regular Instruction:				
Salaries	30,811,133	30,790,223	(20,910)	28,864,703
Employee Benefits	8,509,534	8,728,279	218,745	8,357,479
Purchased Services	2,254,856	1,981,678	(273,178)	2,310,377
Supplies and Materials	803,709	625,720	(177,989)	866,874
Capital Expenditures	185,256	404,506	219,250	438,836
Other Expenditures	69,211	56,508	(12,703)	54,914
Total Elementary and Secondary Regular Instruction	42,633,699	42,586,914	(46,785)	40,893,183

**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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	2015		Over (Under) Final Budget	2014
	Final Budget	Actual Amounts		Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 614,379	\$ 607,419	\$ (6,960)	\$ 562,888
Employee Benefits	142,728	156,155	13,427	142,962
Purchased Services	249,126	269,862	20,736	233,402
Supplies and Materials	69,933	48,021	(21,912)	32,896
Other Expenditures	515	550	35	360
Total Vocational Education Instruction	1,076,681	1,082,007	5,326	972,508
Special Education Instruction:				
Salaries	10,734,249	10,671,595	(62,654)	10,491,606
Employee Benefits	3,153,777	3,276,192	122,415	3,236,355
Purchased Services	801,538	778,543	(22,995)	568,879
Supplies and Materials	70,023	57,997	(12,026)	75,571
Capital Expenditures	67,102	16,723	(50,379)	20,985
Other Expenditures	27,924	36,436	8,512	26,817
Total Special Education Instruction	14,854,613	14,837,486	(17,127)	14,420,213
Instructional Support Services:				
Salaries	2,861,435	2,848,515	(12,920)	2,609,898
Employee Benefits	870,053	827,340	(42,713)	777,897
Purchased Services	743,646	428,808	(314,838)	504,790
Supplies and Materials	83,604	70,459	(13,145)	74,011
Capital Expenditures	159	603	444	-
Other Expenditures	831	6,851	6,020	3,125
Total Instructional Support Services	4,559,728	4,182,576	(377,152)	3,969,721
Pupil Support Services:				
Salaries	2,348,433	2,133,341	(215,092)	1,980,717
Employee Benefits	560,468	639,420	78,952	610,677
Purchased Services	4,973,739	5,030,510	56,771	4,892,201
Supplies and Materials	29,051	18,806	(10,245)	23,083
Capital Expenditures	81,792	8,322	(73,470)	36,792
Other Expenditures	5,141	2,472	(2,669)	1,094
Total Pupil Support Services	7,998,624	7,832,871	(165,753)	7,544,564

**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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	2015		Over (Under) Final Budget	2014
	Final Budget	Actual Amounts		Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 2,995,807	\$ 3,121,365	\$ 125,558	\$ 2,990,345
Employee Benefits	985,902	1,008,391	22,489	992,708
Purchased Services	3,451,208	3,564,008	112,800	3,556,752
Supplies and Materials	535,729	563,576	27,847	547,429
Capital Expenditures	1,767,564	1,191,248	(576,316)	611,742
Other Expenditures	100	-	(100)	87
Total Sites and Buildings	<u>9,736,310</u>	<u>9,448,588</u>	<u>(287,722)</u>	<u>8,699,063</u>
Fiscal and Other Fixed Cost Programs:				
Purchased Services	271,000	424,278	153,278	271,000
Debt Service:				
Principal	-	51,513	51,513	-
Interest and Fiscal Charges	-	4,272	4,272	-
Total Debt Service	<u>-</u>	<u>55,785</u>	<u>55,785</u>	<u>-</u>
Total Expenditures	<u>87,393,352</u>	<u>86,526,580</u>	<u>(866,772)</u>	<u>82,437,906</u>
Excess of Revenues Over Expenditures	2,106,298	3,418,163	1,311,865	1,055,691
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Equipment	-	-	-	3,450
Insurance Recovery Proceeds	-	1,113	1,113	28,836
Transfers Out	<u>(2,273,113)</u>	<u>(2,273,113)</u>	<u>-</u>	<u>(1,650,000)</u>
Total Other Financing Sources (Uses)	<u>(2,273,113)</u>	<u>(2,272,000)</u>	<u>1,113</u>	<u>(1,617,714)</u>
Net Change in Fund Balance	<u>\$ (166,815)</u>	1,146,163	<u>\$ 1,312,978</u>	(562,023)
<b>FUND BALANCE</b>				
Beginning of Year		<u>17,034,353</u>		<u>17,596,376</u>
End of Year		<u>\$ 18,180,516</u>		<u>\$ 17,034,353</u>

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
FOOD SERVICE SPECIAL REVENUE FUND  
BALANCE SHEET  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	2015	2014
<b>ASSETS</b>		
Cash and Investments	\$ 172,730	\$ -
Receivables:		
Accounts and Interest Receivable	18,240	21,370
Due from Other Minnesota School Districts	152	195
Due from Minnesota Department of Education	27,327	21,304
Due from Federal through the Minnesota Department of Education	87,783	258,757
Due from Other Governmental Units	81	-
Inventory	55,135	52,927
Total Assets	\$ 361,448	\$ 354,553
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 12,369	\$ 11,383
Payroll Deductions and Employer Contributions Payable	6,606	6,639
Accounts and Contracts Payable	55,139	52,319
Due to Other Funds	-	29,124
Total Liabilities	74,114	99,465
Fund Balance:		
Nonspendable:		
Inventory	55,135	52,927
Restricted for Other Purposes	232,199	202,161
Total Fund Balance	287,334	255,088
Total Liabilities and Fund Balance	\$ 361,448	\$ 354,553

**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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	2015		Over (Under) Final Budget	2014
	Final Budget	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings on Investments	\$ -	\$ 191	\$ 191	\$ 129
Other - Primarily Meal Sales	2,286,857	2,281,440	(5,417)	2,200,394
State Sources	186,276	213,982	27,706	144,656
Federal Sources	<u>1,839,504</u>	<u>1,890,757</u>	<u>51,253</u>	<u>1,707,399</u>
Total Revenues	4,312,637	4,386,370	73,733	4,052,578
<b>EXPENDITURES</b>				
Current:				
Salaries	1,564,575	1,717,439	152,864	1,511,454
Employee Benefits	592,549	670,560	78,011	620,843
Purchased Services	118,036	111,272	(6,764)	125,441
Supplies and Materials	1,835,137	1,820,901	(14,236)	1,687,202
Other Expenditures	41,250	8,156	(33,094)	7,528
Capital Outlay	<u>60,832</u>	<u>28,782</u>	<u>(32,050)</u>	<u>51,678</u>
Total Expenditures	<u>4,212,379</u>	<u>4,357,110</u>	<u>144,731</u>	<u>4,004,146</u>
Excess of Revenues Over Expenditures	100,258	29,260	(70,998)	48,432
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Sale of Equipment	<u>2,886</u>	<u>2,986</u>	<u>100</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 103,144</u>	32,246	<u>\$ (70,898)</u>	48,432
<b>FUND BALANCE</b>				
Beginning of Year		<u>255,088</u>		<u>206,656</u>
End of Year		<u>\$ 287,334</u>		<u>\$ 255,088</u>

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
COMMUNITY SERVICE SPECIAL REVENUE FUND  
BALANCE SHEET  
JUNE 30, 2015**

**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	2015	2014
<b>ASSETS</b>		
Cash and Investments	\$ 2,120,934	\$ 1,955,415
Receivables:		
Current Taxes	721,528	810,650
Delinquent Taxes	14,616	8,054
Accounts and Interest Receivable	149,806	223,426
Due from Other Funds	-	29,356
Due from Other Minnesota School Districts	52,354	23,618
Due from Minnesota Department of Education	45,773	68,846
Due from Federal Government through the Minnesota Department of Education	312,103	191,109
Due from Other Governmental Units	46,282	58,585
Prepaid Items	9,886	997
	<u>\$ 3,473,282</u>	<u>\$ 3,370,056</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 91,408	\$ 69,870
Payroll Deductions and Employer Contributions Payable	39,762	36,668
Accounts and Contracts Payable	57,768	87,249
Due to Other School Districts	305,898	316,981
Due to Other Governmental Units	39,110	57,450
Unearned Revenue - Other	13,228	-
Total Liabilities	<u>547,174</u>	<u>568,218</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	1,455,341	1,635,003
Unavailable Revenue - Delinquent Taxes	14,616	8,054
Total Deferred Inflows of Resources	<u>1,469,957</u>	<u>1,643,057</u>
Fund Balance:		
Nonspendable:		
Prepaid Items	9,886	997
Restricted for:		
Community Education Programs	1,024,671	868,877
Early Childhood and Family Education Programs	129,072	48,526
School Readiness	30,038	4,542
Adult Basic Education	138,178	122,450
Other Purposes	124,306	113,389
Total Fund Balance	<u>1,456,151</u>	<u>1,158,781</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,473,282</u>	<u>\$ 3,370,056</u>



**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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	2015		Over (Under) Final Budget	2014
	Final Budget	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 1,642,163	\$ 1,587,623	\$ (54,540)	\$ 712,128
Earnings on Investments	-	1,005	1,005	817
Other - Primarily Tuition and Fees	5,455,559	5,835,179	379,620	6,371,606
State Sources	1,871,415	1,818,096	(53,319)	2,497,729
Federal Sources	515,320	445,330	(69,990)	368,781
Total Revenues	9,484,457	9,687,233	202,776	9,951,061
<b>EXPENDITURES</b>				
Current:				
Salaries	5,725,432	5,776,384	50,952	6,173,245
Employee Benefits	1,682,740	1,696,115	13,375	1,892,392
Purchased Services	1,740,692	1,795,656	54,964	1,880,562
Supplies and Materials	670,623	487,674	(182,949)	461,082
Other Expenditures	25,793	31,228	5,435	44,314
Capital Outlay	90,999	52,806	(38,193)	57,305
Total Expenditures	9,936,279	9,839,863	(96,416)	10,508,900
Deficiency of Revenues Under Expenditures	(451,822)	(152,630)	299,192	(557,839)
<b>OTHER FINANCING SOURCES</b>				
Transfer In	450,000	450,000	-	450,000
Net Change in Fund Balance	\$ (1,822)	297,370	\$ 299,192	(107,839)
<b>FUND BALANCE</b>				
Beginning of Year		1,158,781		1,266,620
End of Year		\$ 1,456,151		\$ 1,158,781

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
CAPITAL PROJECTS FUND  
BALANCE SHEET  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Investments	\$ 10,428,633	\$ 5,874,736
Cash and Investments in Escrow	128,743	5,862,147
Receivables:		
Accounts and Interest Receivable	350	74
Due from Minnesota Department of Education	-	2,378
Due from Other Governmental Units	8,513	-
Prepaid Items	<u>185,365</u>	<u>285,856</u>
 Total Assets	 <u><u>\$ 10,751,604</u></u>	 <u><u>\$ 12,025,191</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 6,707	\$ 12,857
Payroll Deductions and Employer Contributions Payable	3,279	3,940
Accounts and Contracts Payable	3,498,517	4,355,596
Due to Other Governmental Units	45	45
Unearned Revenue	-	1,000
Total Liabilities	<u>3,508,548</u>	<u>4,373,438</u>
 Fund Balance:		
Nonspendable:		
Prepaid Items	185,365	285,856
Restricted for:		
Down Payment Levy	-	1,046,779
Alternative Facility Program	3,375,887	2,596,609
Other Purposes	<u>3,681,804</u>	<u>3,722,509</u>
Total Fund Balance	<u>7,243,056</u>	<u>7,651,753</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 10,751,604</u></u>	 <u><u>\$ 12,025,191</u></u>

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	2015			2014	
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>					
Local Sources:					
Property Taxes	\$ 8,297,000	\$ 8,297,000	\$ 8,297,000	\$ -	\$ 6,476,986
Earnings on Investments	-	-	3,579	3,579	5,541
Other	110,000	110,000	141,220	31,220	107,020
Total Revenues	<u>8,407,000</u>	<u>8,407,000</u>	<u>8,441,799</u>	<u>34,799</u>	<u>6,589,547</u>
<b>EXPENDITURES</b>					
Current:					
Salaries	2,615,923	2,638,253	2,724,020	85,767	2,351,586
Employee Benefits	685,110	688,742	792,359	103,617	665,229
Purchased Services	209,844	2,042,366	2,828,138	785,772	3,442,147
Supplies and Materials	484,136	481,136	347,716	(133,420)	270,758
Other Expenditures	438,300	438,300	527,341	89,041	403,950
Debt Service on Capital Leases:					
Principal	-	-	-	-	1,424,521
Interest	-	-	-	-	26,050
Capital Outlay	16,327,221	16,132,937	18,308,392	2,175,455	12,320,419
Total Expenditures	<u>20,760,534</u>	<u>22,421,734</u>	<u>25,527,966</u>	<u>3,106,232</u>	<u>20,904,660</u>
Deficiency of Revenues Under Expenditures	(12,353,534)	(14,014,734)	(17,086,167)	(3,071,433)	(14,315,113)
<b>OTHER FINANCING SOURCES</b>					
Proceeds from Sale of Equipment	-	-	46,335	46,335	40,928
Certificate of Participation Proceeds	3,194,400	-	-	-	8,490,000
Bond Proceeds	15,000,000	15,000,000	14,545,000	(455,000)	-
Bond Premium	-	-	763,022	763,022	-
Transfer In	-	1,323,113	1,323,113	-	1,200,000
Total Other Financing Sources	<u>18,194,400</u>	<u>16,323,113</u>	<u>16,677,470</u>	<u>354,357</u>	<u>9,730,928</u>
Net Change in Fund Balance	<u>\$ 5,840,866</u>	<u>\$ 2,308,379</u>	(408,697)	<u>\$ (2,717,076)</u>	(4,584,185)
<b>FUND BALANCE</b>					
Beginning of Year			<u>7,651,753</u>		<u>12,235,938</u>
End of Year			<u>\$ 7,243,056</u>		<u>\$ 7,651,753</u>

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	Regular	OPEB	Totals	
	Debt Service	Debt Service	2015	2014
<b>ASSETS</b>				
Cash and Investments	\$ 7,496,724	\$ 2,352,575	\$ 9,849,299	\$ 9,310,239
Cash and Investments Held by Trustee	-	-	-	20,896,800
Receivables:				
Current Taxes	5,359,188	2,097,053	7,456,241	7,148,718
Delinquent Taxes	127,240	16,736	143,976	81,593
Due from Minnesota Department of Education	-	-	-	36
<b>Total Assets</b>	<b>\$ 12,983,152</b>	<b>\$ 4,466,364</b>	<b>\$ 17,449,516</b>	<b>\$ 37,437,386</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	\$ 10,809,618	\$ 4,229,809	\$ 15,039,427	\$ 14,418,276
Unavailable Revenue - Delinquent Taxes	127,240	16,736	143,976	81,593
<b>Total Deferred Inflows of Resources</b>	<b>10,936,858</b>	<b>4,246,545</b>	<b>15,183,403</b>	<b>14,499,869</b>
Fund Balance:				
Restricted for:				
Bond Refunding	-	-	-	20,896,800
Regular Debt Service	2,046,294	219,819	2,266,113	2,040,717
<b>Total Fund Balance</b>	<b>2,046,294</b>	<b>219,819</b>	<b>2,266,113</b>	<b>22,937,517</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 12,983,152</b>	<b>\$ 4,466,364</b>	<b>\$ 17,449,516</b>	<b>\$ 37,437,386</b>

**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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	2015				Over (Under) Final Budget	2014	
	Original Budgeted Amounts	Final Budgeted Amounts	Regular Debt Service	Actual OPEB Debt Service		Total Actual Amounts	Actual Amounts
<b>REVENUES</b>							
Local Sources:							
Property Tax	\$ 14,418,276	\$ 14,418,276	\$ 11,561,062	\$ 2,585,381	\$ 14,146,443	\$ (271,833)	14273930
Earnings on Investments	-	39,300	41,033	299	41,332	2,032	30,123
State Sources	-	-	(267)	(71)	(338)	(338)	222
Total Revenues	14,418,276	14,457,576	11,601,828	2,585,609	14,187,437	(270,139)	14,304,275
<b>EXPENDITURES</b>							
Debt Service:							
Bond Principal	8,055,000	8,055,000	6,515,000	1,540,000	8,055,000	-	8,475,000
Bond Interest	5,861,539	5,861,539	5,627,462	921,979	6,549,441	687,902	6,564,929
Paying Agent Fees and Other	7,000	7,000	3,500	900	4,400	(2,600)	4,625
Total Expenditures	13,923,539	13,923,539	12,145,962	2,462,879	14,608,841	685,302	15,044,554
Excess (Deficiency) of Revenues Over (Under) Expenditures	494,737	534,037	(544,134)	122,730	(421,404)	(955,441)	(740,279)
<b>OTHER FINANCING SOURCES (USES)</b>							
Payment to Refunding Bond Escrow Agent	(686,100)	(20,936,100)	(20,250,000)	-	(20,250,000)	686,100	-
Net Change in Fund Balance	\$ (191,363)	\$ (20,402,063)	(20,794,134)	122,730	(20,671,404)	\$ (269,341)	(740,279)
<b>FUND BALANCE</b>							
Beginning of Year			22,840,428	97,089	22,937,517		23,677,796
End of Year			\$ 2,046,294	\$ 219,819	\$ 2,266,113		\$ 22,937,517

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
INTERNAL SERVICE FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2015	2014
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$ 5,557,615	\$ 15,604,452	\$ 6,226,161	\$ 27,388,228	\$ 27,680,917
Accounts Receivable	36,670	154,988	-	191,658	407,240
Total Current Assets	<u>\$ 5,594,285</u>	<u>\$ 15,759,440</u>	<u>\$ 6,226,161</u>	<u>\$ 27,579,886</u>	<u>\$ 28,088,157</u>
<b>LIABILITIES AND NET POSITION</b>					
Current Liabilities:					
Claims Payable	\$ 729,927	\$ -	\$ -	\$ 729,927	\$ 872,072
Accounts Payable	958	-	6,650	7,608	50,766
Due to Other Funds	-	162,521	-	162,521	634,716
Unearned Revenue	1,055,566	-	-	1,055,566	1,117,802
Total Current Liabilities	<u>1,786,451</u>	<u>162,521</u>	<u>6,650</u>	<u>1,955,622</u>	<u>2,675,356</u>
<b>NET POSITION</b>					
Restricted	-	15,596,919	-	15,596,919	15,401,568
Unrestricted	3,807,834	-	6,219,511	10,027,345	10,011,233
Total Net Position	<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>
Total Liabilities and Net Position	<u>\$ 5,594,285</u>	<u>\$ 15,759,440</u>	<u>\$ 6,226,161</u>	<u>\$ 27,579,886</u>	<u>\$ 28,088,157</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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	Self- Insurance Accounts	OPEB Revocable Trust	Severance	Totals	
				2015	2014
<b>OPERATING REVENUES</b>					
Charges for Services:					
Health Insurance Premiums	\$ 9,548,953	\$ -	\$ -	\$ 9,548,953	\$ 9,457,578
<b>OPERATING EXPENSES</b>					
Health Insurance Claim Payments	9,271,418	-	-	9,271,418	8,676,950
Severance Payments	-	-	765,106	765,106	823,262
OPEB Payments	-	271,614	-	271,614	739,808
Total Operating Expenses	<u>9,271,418</u>	<u>271,614</u>	<u>765,106</u>	<u>10,308,138</u>	<u>10,240,020</u>
Operating Income (Loss)	277,535	(271,614)	(765,106)	(759,185)	(782,442)
<b>NONOPERATING INCOME</b>					
Earnings on Investments	<u>1,684</u>	<u>466,965</u>	<u>1,999</u>	<u>470,648</u>	<u>789,596</u>
Net Income (Loss) Before Transfers	279,219	195,351	(763,107)	(288,537)	7,154
<b>TRANSFERS</b>					
Transfer In	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Change in Net Position	279,219	195,351	(263,107)	211,463	7,154
Net Position - Beginning	<u>3,528,615</u>	<u>15,401,568</u>	<u>6,482,618</u>	<u>25,412,801</u>	<u>25,405,647</u>
Net Position - Ending	<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>

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
INTERNAL SERVICE FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

	Self-	OPEB	Severance	Totals	
	Insurance Accounts	Revocable Trust		2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Interfund Services Provided	\$ 9,727,309	\$ -	\$ -	\$ 9,727,309	\$ 9,459,626
Payments for Administrative Costs	-	-	(33,752)	(33,752)	40,402
Payments for Medical Fees and Insurance Claims	(9,422,969)	-	-	(9,422,969)	(8,446,674)
Payments for Other Postemployment Benefits	-	(743,809)	-	(743,809)	(1,253,271)
Payments for Severance Benefits	-	-	(765,106)	(765,106)	(823,262)
Net Cash Provided (Used) by Operating Activities	<u>304,340</u>	<u>(743,809)</u>	<u>(798,858)</u>	<u>(1,238,327)</u>	<u>(1,023,179)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from Other Funds	-	-	500,000	500,000	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	<u>1,684</u>	<u>(226,401)</u>	<u>1,999</u>	<u>(222,718)</u>	<u>103,953</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>306,024</u>	<u>(970,210)</u>	<u>(296,859)</u>	<u>(961,045)</u>	<u>(919,226)</u>
Cash and Cash Equivalents - Beginning	<u>5,251,591</u>	<u>975,102</u>	<u>6,523,020</u>	<u>12,749,713</u>	<u>13,668,939</u>
Cash and Cash Equivalents - Ending	<u>\$ 5,557,615</u>	<u>\$ 4,892</u>	<u>\$ 6,226,161</u>	<u>\$ 11,788,668</u>	<u>\$ 12,749,713</u>
<b>AMOUNTS DISPLAYED ON COMBINING STATEMENT OF NET POSITION AS CASH AND INVESTMENTS CONSIST OF:</b>					
Cash and Cash Equivalents	\$ 5,557,615	\$ 4,892	\$ 6,226,161	\$ 11,788,668	\$ 12,749,713
Investments	-	15,599,560	-	15,599,560	14,931,204
Total Cash and Investments	<u>\$ 5,557,615</u>	<u>\$ 15,604,452</u>	<u>\$ 6,226,161</u>	<u>\$ 27,388,228</u>	<u>\$ 27,680,917</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 277,535	\$ (271,614)	\$ (765,106)	\$ (759,185)	\$ (782,442)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Net Cash Provided (Used) by Operating Activities:					
(Increase) Decrease in Accounts Receivable	240,592	-	-	240,592	(59,020)
Increase (Decrease) in Accounts Payable	(9,406)	-	(33,752)	(43,158)	49,288
Increase (Decrease) in Claims Payable	(142,145)	-	-	(142,145)	221,390
Decrease in Due to Other Funds	-	(472,195)	-	(472,195)	(513,463)
Increase (Decrease) in Deferred Revenue	<u>(62,236)</u>	<u>-</u>	<u>-</u>	<u>(62,236)</u>	<u>61,068</u>
Total Adjustments	<u>26,805</u>	<u>(472,195)</u>	<u>(33,752)</u>	<u>(479,142)</u>	<u>(240,737)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 304,340</u>	<u>\$ (743,809)</u>	<u>\$ (798,858)</u>	<u>\$ (1,238,327)</u>	<u>\$ (1,023,179)</u>



**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
JUNE 30, 2015**

	AUDIT	UFARS	AUDIT-UFARS
<b>01 GENERAL FUND</b>			
Total Revenue	\$ 89,945,856	\$ 89,945,853	\$ 3
Total Expenditures	86,526,580	86,526,576	4
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	227,406	227,409	(3)
<i>Restricted/Reserved:</i>			
403 Staff Development	416,843	416,843	-
405 Deferred Maintenance	-	-	-
406 Health & Safety	(358,053)	(358,053)	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
411 Severance Pay	-	-	-
413 Project Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maint	-	-	-
423 Certain Teacher Programs	-	-	-
424 Operating Capital	689,408	689,408	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning & Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alt. Programs	-	-	-
436 State Approved Alt. Program	-	-	-
438 Gifted & Talented	-	-	-
441 Basic Skills Programs	-	-	-
445 Career and Technical Programs	-	-	-
446 First Grade Preparedness	-	-	-
449 Safe Schools Crime	-	-	-
450 Prekindergarten	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liab Not In Trust	-	-	-
453 Unfunded Sev & Retirement Levy	-	-	-
<i>Restricted:</i>			
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	5,735,000	5,735,000	-
<i>Assigned:</i>			
462 Assigned Fund Balance	1,318,370	1,318,370	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	10,151,542	10,151,539	3
<b>02 FOOD SERVICE</b>			
Total Revenue	4,386,370	4,386,368	2
Total Expenditures	4,357,110	4,357,109	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	55,135	55,135	-
<i>Restricted:</i>			
452 OPEB Liab Not In Trust	-	-	-
464 Restricted Fund Balance	232,199	232,199	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	9,687,233	9,687,229	4
Total Expenditures	9,839,863	9,839,857	6
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	9,886	9,886	-
<i>Restricted/Reserved:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	1,024,671	1,024,671	-
432 E.C.F.E.	129,072	129,072	-
444 School Readiness	30,038	30,038	-
447 Adult Basic Education	138,178	138,176	2
452 OPEB Liab Not In Trust	-	-	-
<i>Restricted:</i>			
464 Restricted Fund Balance	124,306	124,309	(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, 2015**

	AUDIT	UFARS	AUDIT-UFARS
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 8,441,799	\$ 8,441,799	\$ -
Total Expenditures	25,527,966	25,527,966	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	185,365	185,365	-
<i>Restricted/Reserved:</i>			
407 Capital Projects Levy	(1,036,076)	(1,036,074)	(2)
409 Alternative Facility Program	3,375,887	3,375,887	-
413 Project Funded by COP	-	-	-
<i>Restricted:</i>			
464 Restricted Fund Balance	4,717,880	4,717,878	2
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>07 DEBT SERVICE</b>			
Total Revenue	11,601,828	11,601,828	-
Total Expenditures	12,145,962	12,145,963	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>			
425 Bond Refundings	-	-	-
451 QZAB Payments	-	-	-
<i>Restricted:</i>			
464 Restricted Fund Balance	2,046,294	2,046,294	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>08 TRUST</b>			
Total Revenue	23,135	23,135	-
Total Expenditures	29,904	29,903	1
422 Net Assets	63,313	63,315	(2)
<b>20 INTERNAL SERVICE</b>			
Total Revenue	9,552,636	9,552,636	-
Total Expenditures	10,036,524	10,036,524	-
422 Net Assets	10,027,345	10,027,345	-
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	466,965	466,965	-
Total Expenditures	271,614	271,613	1
422 Unreserved/Undesignated	15,596,919	15,596,920	(1)
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
422 Net Assets	-	-	-
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	2,585,609	2,585,608	1
Total Expenditures	2,462,879	2,462,878	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Reserved:</i>			
425 Bond Refundings	-	-	-
464 Restricted Fund Balance	219,819	219,819	-
<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			
	2006	2007	2008	2009
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 9,411,623	\$ 5,485,389	\$ 7,938,102	\$ 9,397,957
Restricted	1,583,175	2,238,949	2,789,965	3,264,739
Unrestricted	<u>(7,595,268)</u>	<u>(2,876,252)</u>	<u>2,842,155</u>	<u>11,482,994</u>
Total Governmental Activities Net Position	<u>\$ 3,399,530</u>	<u>\$ 4,848,086</u>	<u>\$ 13,570,222</u>	<u>\$ 24,145,690</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 8,937,746	\$ 8,514,533	\$ 9,944,518	\$ 11,711,667	\$ 15,885,515	\$ 18,582,850
1,160,465	4,662,680	2,268,838	4,217,295	2,397,149	3,049,717
<u>13,083,470</u>	<u>14,987,961</u>	<u>14,777,335</u>	<u>15,398,309</u>	<u>11,286,030</u>	<u>(55,274,101)</u>
<u>\$ 23,181,681</u>	<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>

Note: The 2015 net position includes the effects of implementing GASB Statements 68, which required the District to record its proportionate share of the state administered defined benefit pension plans in which it participates. This included a restatement of beginning net position of \$68,451,327.

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental Activities:				
Administration	\$ 4,838,959	\$ 4,590,182	\$ 4,341,553	\$ 3,285,901
District Support Services	2,302,529	1,853,225	2,948,399	2,308,118
Regular Instruction	41,303,287	47,207,226	40,924,512	40,520,816
Vocational Education Instruction	1,125,008	1,193,009	746,094	1,384,804
Special Education Instruction	16,796,959	15,504,643	15,806,446	13,811,596
Instructional Support Services	6,427,254	5,607,384	5,951,619	5,002,242
Pupil Support Services	7,616,981	7,676,741	8,203,016	8,095,048
Sites and Buildings	9,288,508	11,530,667	9,809,866	11,445,683
Fiscal and Other Fixed Cost Programs	354,699	329,561	145,154	191,136
Food Service	5,039,988	4,630,945	4,546,070	3,786,269
Community Service	8,675,314	8,565,057	8,587,611	8,826,182
Interest and Fiscal Charges on Long-Term Debt	4,150,983	6,138,535	6,137,727	5,891,676
Total Governmental Activities Expenses	<u>107,920,469</u>	<u>114,827,175</u>	<u>108,148,067</u>	<u>104,549,471</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
District Support Services	29,434	24,618	17,374	-
Regular Instruction	1,184,043	1,188,609	852,040	971,677
Vocational Education Instruction	-	-	-	-
Special Education Instruction	3,128,178	1,812,597	1,319,747	754,187
Instructional Support Services	40,704	44,133	248,343	113,784
Pupil Support Services	66,513	42,638	23,602	19,286
Sites and Buildings	221,543	222,976	234,943	370,069
Food Service	3,390,517	3,355,530	3,145,598	2,602,123
Community Service	4,580,023	4,626,235	4,320,685	4,315,869
Operating Grants and Contributions	18,607,690	19,346,194	20,570,485	19,321,499
Capital Grants and Contributions	1,124,779	4,143	361,941	492,086
Total Governmental Activities Program Revenues	<u>32,373,424</u>	<u>30,667,673</u>	<u>31,094,758</u>	<u>28,960,580</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes:				
General Purpose	10,653,807	18,797,670	18,468,700	19,398,005
Community Service	632,974	1,373,565	1,477,739	1,303,424
Debt Service	8,077,620	10,991,032	10,666,959	11,589,965
Capital Projects	3,172,904	2,006,583	3,200,653	3,364,822
Unrestricted State Aid	53,897,968	49,388,078	48,787,724	48,284,425
Unrestricted Investment Earnings	1,220,616	2,616,853	2,868,292	1,434,880
Gain on Sale of Capital Assets	287,069	-	-	-
Miscellaneous	361,345	434,277	305,378	788,838
Total Governmental Activities	<u>78,304,303</u>	<u>85,608,058</u>	<u>85,775,445</u>	<u>86,164,359</u>
<b>Change in Net Position</b>	2,757,258	1,448,556	8,722,136	10,575,468
Net Position - Beginning	642,272	3,399,530	4,848,086	13,570,222
Prior Period Adjustment	-	-	-	-
Net Position - Ending	<u>\$ 3,399,530</u>	<u>\$ 4,848,086</u>	<u>\$ 13,570,222</u>	<u>\$ 24,145,690</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 3,648,146	\$ 3,886,290	\$ 4,234,800	\$ 3,909,891	\$ 3,710,664	\$ 4,050,926
2,828,721	1,996,425	1,876,871	1,884,001	2,156,481	2,163,267
44,637,858	46,526,198	34,553,785	42,600,108	43,536,297	43,781,953
1,248,106	1,032,431	1,030,780	1,097,780	1,005,928	1,076,456
14,386,953	14,719,711	14,713,589	14,648,982	14,944,211	15,257,689
4,360,704	4,015,309	3,949,700	3,901,694	4,186,084	4,246,721
9,404,028	8,062,714	7,520,723	7,346,843	7,771,228	8,041,111
15,438,221	13,653,836	30,964,522	19,153,416	20,911,495	22,516,225
238,698	177,885	224,935	237,032	271,000	424,278
4,130,632	4,088,968	4,067,566	4,167,355	4,092,596	4,351,770
9,376,157	9,146,023	9,307,748	9,944,797	10,667,163	9,904,238
7,043,733	6,998,109	6,279,986	5,794,867	6,600,072	6,261,412
116,741,957	114,303,899	118,725,005	114,686,766	119,853,219	122,076,046
-	-	-	-	-	8,762
946,786	1,244,760	1,179,082	1,190,669	1,155,272	1,579,157
-	-	-	-	-	3,072
587,150	435,757	275,136	249,875	154,534	124,495
40,857	36,572	17,633	19,716	19,217	19,461
20,456	34,573	17,523	28,341	36,707	500,283
368,477	415,503	759,659	1,033,210	362,545	1,015,622
2,505,302	2,357,230	2,335,055	2,412,791	2,200,394	2,281,440
4,740,723	5,133,172	5,986,755	6,342,528	5,783,082	5,951,842
24,109,333	20,245,196	15,711,241	16,474,776	17,066,386	16,173,852
1,821,035	1,812,131	2,843,901	1,744,474	1,721,420	318,408
35,140,119	31,714,894	29,125,985	29,496,380	28,499,557	27,976,394
18,633,795	27,414,609	19,088,953	19,938,887	11,257,068	23,818,768
1,239,087	1,943,704	1,301,537	1,361,145	700,646	1,594,199
12,391,050	13,200,938	12,780,282	14,571,791	14,043,788	14,205,042
3,509,249	5,021,400	6,654,459	6,514,220	6,372,556	8,331,369
40,733,289	37,146,339	44,893,616	45,886,955	55,326,174	50,310,068
2,949,211	2,035,795	2,243,690	(102,744)	830,633	522,972
-	-	-	-	42,650	-
1,182,148	809,713	1,789,333	1,356,712	1,648,539	558,333
80,637,829	87,572,498	88,751,870	89,526,966	90,222,054	99,340,751
(964,009)	4,983,493	(847,150)	4,336,580	(1,131,608)	5,241,099
24,145,690	23,181,681	28,165,174	26,990,691	31,327,271	29,568,694
-	-	(327,333)	-	(626,969)	(68,451,327)
<u>\$ 23,181,681</u>	<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>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>General Fund</b>				
Reserved	\$ 1,570,095	\$ 2,194,004	\$ 1,971,290	\$ 1,127,256
Unreserved - Undesignated	(3,873,737)	900,901	6,733,858	11,177,041
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ (2,303,642)</u>	<u>\$ 3,094,905</u>	<u>\$ 8,705,148</u>	<u>\$ 12,304,297</u>
<b>All Other Governmental Funds</b>				
Reserved Reported in:				
Community Service Fund	\$ 772,738	\$ 831,386	\$ 1,185,069	\$ 1,214,408
Capital Project Funds	32,014,977	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	(541,333)	131,239	131,239	276,390
Community Service Fund	(100,180)	24,449	-	24,260
Debt Service Funds	1,127,074	1,792,211	1,835,233	2,821,036
Nonspendable Reported in:				
Food Service Fund	-	-	-	-
Community Service Fund	-	-	-	-
Capital Project Fund	-	-	-	-
Debt Service Funds	-	-	-	-
Restricted Reported in:				
Food Service Fund	-	-	-	-
Community Service Fund	-	-	-	-
Capital Project Fund	-	-	-	-
Debt Service Funds	-	-	-	-
Unassigned Reported in:				
Capital Project Fund	-	-	-	-
Total All Other Governmental Funds	<u>\$ 33,273,276</u>	<u>\$ 52,402,287</u>	<u>\$ 43,254,813</u>	<u>\$ 51,762,434</u>
Total All Funds	<u>\$ 30,969,634</u>	<u>\$ 55,497,192</u>	<u>\$ 51,959,961</u>	<u>\$ 64,066,731</u>

**Source:** District's financial records.

**Note:** The District began to use new categories when it implemented GASB 54 in fiscal year 2011. 2010 was the only year retroactively reclassified.



Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
758,524	943,454	242,902	246,984	235,207	227,406
587,906	463,895	941,882	777,092	689,370	1,106,251
5,231,755	8,188,384	-	6,041,951	6,041,951	5,735,000
-	664,173	1,592,271	2,442,348	1,233,735	1,318,370
10,474,350	11,338,113	12,750,788	8,088,001	8,834,090	9,793,489
<u>\$ 17,052,535</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
42,251	43,336	49,011	57,661	52,927	55,135
965	713	8,833	10,461	997	9,886
54,192	106,947	132,807	304,099	285,856	185,365
-	-	-	-	-	-
119,681	8,010	7,823	148,995	202,161	232,199
667,113	952,704	1,005,385	1,256,159	1,157,784	1,446,265
367,660	17,203,350	618,171	11,931,839	7,365,897	7,057,691
35,923,359	36,162,797	7,775,293	23,677,796	22,937,517	2,266,113
(509,754)	-	(511,507)	-	-	-
<u>\$ 36,665,467</u>	<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>\$ 53,718,002</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>

**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			
	2006	2007	2008	2009
<b>Revenues</b>				
Local Sources:				
Property Taxes	\$ 22,616,118	\$ 33,060,038	\$ 33,727,118	\$ 35,387,978
Earnings on Investments	1,115,018	2,520,635	2,797,655	1,390,036
Other	14,679,558	13,765,037	13,106,128	12,435,762
State Sources	67,802,813	62,680,885	63,195,215	61,507,060
Federal Sources	4,134,775	3,813,986	4,294,243	4,084,606
Total Revenues	<u>110,348,282</u>	<u>115,840,581</u>	<u>117,120,359</u>	<u>114,805,442</u>
<b>Expenditures</b>				
Current:				
Administration	4,334,259	4,193,980	4,043,726	3,816,573
District Support Services	2,170,904	1,915,185	2,191,706	2,501,857
Regular Instruction	37,440,681	37,645,349	36,638,372	41,762,461
Vocational Education Instruction	1,049,441	1,130,631	714,890	1,566,591
Special Education Instruction	16,703,692	15,445,890	15,738,673	15,881,247
Instructional Support Services	5,780,022	5,127,673	5,572,310	5,519,038
Pupil Support Services	7,608,966	7,486,242	8,093,706	8,540,778
Sites and Buildings	6,736,954	5,803,711	5,959,062	7,249,743
Fiscal and Other Fixed Cost Programs	354,699	311,164	145,154	191,136
Food Service	4,879,552	4,566,687	4,517,193	4,014,958
Community Service	8,440,200	8,198,191	8,416,739	9,382,823
Capital Outlay	13,796,826	22,613,793	15,393,724	23,359,943
Debt Service:				
Principal	5,135,175	6,660,423	6,565,328	6,705,000
Interest and Fiscal Charges	4,447,135	5,323,851	6,459,842	6,010,115
Total Expenditures	<u>118,878,506</u>	<u>126,422,770</u>	<u>120,450,425</u>	<u>136,502,263</u>
Deficiency of Revenues				
Under Expenditures	(8,530,224)	(10,582,189)	(3,330,066)	(21,696,821)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Equipment	1,192	550	5,725	5,878
Proceeds from Sale of Real Property	288,319	98,414	-	-
Proceeds from Insurance Recovery	14,399	131,156	500	537
Bond Proceeds	30,900,000	32,045,000	-	34,607,115
Bond Premium	-	1,367,114	-	-
Bond Discount	(126,823)	-	-	-
Capital Lease Proceeds	-	1,467,513	-	1,054,576
Capital Improvement Loan Proceeds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfer In	865,054	541,333	-	-
Transfer Out	(865,054)	(541,333)	(213,390)	(1,864,515)
Total Other Financing Sources (Uses)	<u>31,077,087</u>	<u>35,109,747</u>	<u>(207,165)</u>	<u>33,803,591</u>
Net Change in Fund Balances	<u>\$ 22,546,863</u>	<u>\$ 24,527,558</u>	<u>\$ (3,537,231)</u>	<u>\$ 12,106,770</u>
Debt Service as a Percentage of				
Noncapital Expenditures	9.1%	11.5%	12.4%	11.2%

Source: District's financial records

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 35,678,900	\$ 47,811,467	\$ 39,798,547	\$ 42,099,659	\$ 32,904,587	\$ 47,751,576	
1,389,261	1,329,918	824,803	13,649	41,037	52,324	
11,577,607	12,010,270	11,938,608	12,624,153	12,676,441	12,106,279	
54,954,932	50,209,998	58,469,704	59,335,727	68,092,504	61,936,703	
10,522,997	7,301,196	5,383,247	4,746,783	4,676,489	4,800,700	
<u>114,123,697</u>	<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>	
3,908,181	3,666,698	3,652,025	3,702,143	3,457,551	3,800,920	
2,462,394	1,861,933	1,648,725	1,753,551	1,960,920	2,176,186	
42,362,009	38,667,861	38,978,437	39,772,620	40,454,347	42,182,408	
1,312,537	983,264	1,016,099	1,061,807	972,508	1,082,007	
15,383,680	14,036,315	14,227,674	14,068,452	14,399,228	14,820,763	
4,658,650	3,842,452	3,777,992	3,674,819	3,969,721	4,181,973	
9,417,335	7,774,145	7,306,760	7,030,543	7,507,772	7,824,549	
7,445,050	7,410,776	7,253,963	8,108,678	8,087,321	8,257,340	
238,698	177,885	224,935	237,032	271,000	424,278	
4,226,206	3,935,752	4,015,583	4,033,197	3,952,468	4,328,328	
9,529,981	8,792,900	9,208,143	9,734,396	10,451,595	9,787,057	
19,761,645	25,132,251	24,779,167	11,808,102	20,920,610	27,329,925	
7,991,604	8,175,817	8,577,199	8,338,313	9,899,521	8,106,513	
6,973,991	7,438,214	8,204,899	6,531,412	6,595,604	6,558,113	
<u>135,671,961</u>	<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>	
(21,548,264)	(13,233,414)	(16,456,692)	(1,035,094)	(14,509,108)	(14,212,778)	
20	136,635	17,375	43,404	44,378	49,321	
-	12,925	-	-	-	-	
-	-	-	-	28,836	1,113	
9,335,000	42,260,000	6,120,000	35,030,000	8,490,000	14,545,000	
-	1,372,728	-	2,831,417	-	763,022	
-	-	-	-	-	-	
-	-	257,817	-	-	-	
-	2,389,000	-	-	-	-	
-	(10,580,000)	(32,385,000)	(6,000,000)	-	(20,250,000)	
1,864,515	228,000	-	356,840	1,650,000	1,773,113	
-	(228,000)	(8,688,384)	(856,840)	(1,650,000)	(2,273,113)	
<u>11,199,535</u>	<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>\$ (10,348,729)</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>	
12.9%	14.6%	15.5%	13.8%	13.7%	11.5%	

**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
2006	\$ 6,520,982,600	\$ 2,103,272,000	\$ 8,624,254,600	21.565%
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%

**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
2006	7.790	1.531	12.244	-	21.565	28.782	22.613	43.308
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

**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

<u>City of Hopkins</u>	<u>City of Minnetonka</u>	<u>City of Plymouth</u>	<u>City of St. Louis Park</u>	<u>Special Districts</u> (2)	<u>Hennepin County</u>	<u>Hennepin Parks</u>	<u>Other</u>	<u>Total Direct and Overlapping Tax Rate City of Hopkins</u>
48.262	28.597	23.746	37.603	2.924	41.016	2.830	0.685	117.282
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

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

Taxpayer	2015			2006		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
United Healthcare Srv, Inc.	\$ 3,673,388	1	3.066%			
Colfin Midwest NNN INV LLC	1,636,820	2	1.366%			
General Mills, Inc.	1,359,250	3	1.135%	\$ 1,717,430	1	1.571%
Allianz Life Insurance Co., North America	1,281,430	4	1.070%	844,650	2	0.773%
Hines Gobel Reit 9320 Exce	845,590	5	0.706%			
Wells Real Estate Funds	810,960	6	0.677%	667,390	5	0.61%
Thomson Reuters Property Tax Service	806,630	7	0.673%			
DRA Advisors	784,170	8	0.655%			
CSM West Ridge Inc.	768,616	9	0.642%			
Property Reserve, Inc.	716,070	10	0.598%	662,970	6	0.607%
United Center LLC				725,710	3	0.664%
Teachers Ins. & Annuity Assoc.				668,550	4	0.612%
Orix Real Estate				608,090	7	0.556%
Cargill Incorporated				588,970	8	0.539%
FSP 505 Waterford Corp				551,490	9	0.505%
Golden Jack LLC				469,250	10	0.429%
<b>Total</b>	<b>\$ 12,682,924</b>		<b>10.587%</b>	<b>\$ 7,504,500</b>		<b>6.866 %</b>

**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)
2006	\$ 20,878,536	\$ 1,419,327	\$ 11,352,248	\$ -	\$ 33,650,111 (2)
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)

**Notes:**

(1) Beginning with payable year 2003, state credits are included in the operating levy.

(2) Original Gross Levy



<u>Collected within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>		<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Levy Outstanding</u>
<u>Current Tax Collection</u>	<u>Percentage of Levy</u>		<u>Total Tax Collection</u>	<u>Percentage of Levy</u>		
\$ 16,461,646	48.9%	\$ 17,191,400	\$ 33,653,046	100.0%	\$ (2,935)	0.0%
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%	17,615,494	37,559,153	99.4%	228,871	0.6%
21,239,387	53.4%	18,117,146	21,239,387	53.4%	425,219	1.1%
21,122,800	53.1%	18,344,881	21,122,800	53.1%	289,219	0.7%
24,167,808	53.2%	-	24,167,808	53.2%	-	0.0%
24,505,786	53.6%	-	24,505,786	53.6%	-	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	Energy Conservation Loans	Resources Restricted for Repayment				
2006	\$ 111,340,000	\$ -	\$ 604,364	\$ -	\$ (1,127,074)	\$ 110,817,290	(1)	-	1,774
2007	137,435,000	-	1,361,454	-	(35,656,060)	103,140,394	-	-	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

**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, 2015  
(UNAUDITED)**

	2014/15 Adjusted Taxable Net Tax Capacity	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping:</b>				
Hennepin County	\$ 1,489,879,973	\$ 766,200,000	6.8337%	\$ 52,359,905
Cities:				
Eden Prairie	97,367,897	43,525,000	5.1195%	2,228,267
Edina	109,202,691	29,820,000	7.0061%	2,089,207
Golden Valley	33,750,847	51,085,000	53.0842%	27,118,068
Hopkins	17,931,839	14,020,000	98.7229%	13,840,952
Minnetonka	86,660,705	7,105,000	54.3423%	3,861,019
Plymouth	104,312,484	7,430,000	3.2500%	241,474
St. Louis Park	56,433,363	11,890,000	5.4503%	648,041
Metropolitan Council	3,141,156,422	155,020,000	3.2413%	5,024,654
Three Rivers Park District	1,079,365,752	54,385,000	9.4328%	5,130,013
Total Overlapping				<u>112,541,600</u>
<b>Direct:</b>				
Hopkins ISD No. 270	101,814,113	149,520,000		<u>149,520,000</u>
Total Direct and Overlapping Bonded Debt:				<u><u>\$ 262,061,600</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			
	2006	2007	2008	2009
Debt Limit	(1) \$ 1,180,557	\$ 1,291,218	\$ 1,410,369	\$ 1,487,798
Total Net Debt Applicable to Limit	(2) <u>111,340</u>	<u>137,435</u>	<u>131,155</u>	<u>158,850</u>
Legal Debt Margin	<u>\$ 1,069,217</u>	<u>\$ 1,153,783</u>	<u>\$ 1,279,214</u>	<u>\$ 1,328,948</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.43%	10.64%	9.30%	10.68%

**Source:**

- (1) Taxable assessed valuations for 2004 through 2013 are from the Hennepin
- (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.

**Legal Debt Margin Calculation for Fiscal Year 2015**

Economic Market Value (3)	\$ 10,093,912
Debt Limit (15% of Assessed Value)	1,514,087
Debt Applicable to Limit	149,520
Legal Debt Margin	<u>\$ 1,364,567</u>

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,499,102	\$ 1,458,226	\$ 1,283,255	\$ 1,348,492	\$ 1,438,581	\$ 1,514,087
<u>160,660</u>	<u>132,640</u>	<u>130,910</u>	<u>131,820</u>	<u>142,780</u>	<u>149,520</u>
<u>\$ 1,338,442</u>	<u>\$ 1,325,586</u>	<u>\$ 1,152,345</u>	<u>\$ 1,480,312</u>	<u>\$ 1,581,361</u>	<u>\$ 1,663,607</u>
10.72%	9.10%	10.20%	9.78%	9.93%	9.88%

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Enrollment</u>	<u>City of Hopkins Unemployment Rate</u>
2006	62,483	-	-	8,181	3.9%
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	(2)		6,993	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	2015		2006	
	(1)		(2)	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
General Mills	4,000	1	3,000	3
Cargill	4,000	2	3,400	1
United Healthcare	2,000	3	1,100	9
Micro-Tech Hearing Instruments	2,000	4		-
Polaroid	2,000	5		-
I.S.D. No. 270 (Hopkins Public Schools)	1,749	6	1,443	-
St. Jude Medical	1,382	7	1,300	6
SuperValu, Inc.	707	8	1,540	5
Pure Beauty Salon & Boutiques	501	9		-
Honeywell	500	10	2,500	4
Carlson Companies, Inc.	-	-	3,100	2
Advance Circuits	-	-	1,200	7
Allina Health System	-	-	1,200	8
DataCard Corp.	-	-	1,000	10
	<u>18,839</u>		<u>20,783</u>	
Total	<u>18,839</u>		<u>20,783</u>	

**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)**

	2006	2007	2008	2009
<b>Administrative Staff</b>				
Superintendent	1.0	1.0	1.0	1.0
Principals	10.0	10.0	9.0	9.0
Administrative Assistants (Asst. Principals and Asst. Superintendent)	4.8	3.0	4.0	5.0
Supervisory Coordinator	2.0	2.0	3.0	3.8
<b>Total Administrative Staff</b>	<b>17.8</b>	<b>16.0</b>	<b>17.0</b>	<b>18.8</b>
<b>Support Service Staff</b>				
Other Non-Instructional Staff				
Counselors	16.0	17.0	16.0	17.0
Media/Librarian	10.5	10.6	10.6	9.0
Nurse	10.3	10.0	9.1	9.5
Social Worker	17.3	12.5	12.4	11.5
Psychologists	4.8	3.3	3.4	3.9
<b>Total Support Service Staff</b>	<b>58.8</b>	<b>53.4</b>	<b>51.6</b>	<b>50.9</b>
<b>Special Education Teachers</b>				
Speech Language	16.5	13.6	14.0	14.6
Other Special Education Teachers	47.9	58.1	69.8	71.8
<b>Total Special Education Teachers</b>	<b>64.4</b>	<b>71.7</b>	<b>83.8</b>	<b>86.4</b>
<b>Classroom Teachers</b>				
K-12 Teacher	424.7	405.3	367.9	375.8
Vocational Education Teacher	1.0	1.3	1.0	0.0
Pre-K, ECFE, and Other Teacher	20.0	18.6	16.3	16.4
<b>Total Classroom Teachers</b>	<b>445.7</b>	<b>425.3</b>	<b>385.2</b>	<b>392.2</b>
<b>Total</b>	<b>586.8</b>	<b>566.4</b>	<b>537.5</b>	<b>548.2</b>

Source: Minnesota Department of Education STARS data.



Full-Time Equivalent Employees as of June 30,

2010	2011	2012	2013	2014	2015
1.0	1.0	1.0	1.0	1.0	1.0
9.2	9.1	9.0	9.0	9.0	9.0
5.0	8.0	7.0	7.0	7.3	8.0
5.0	4.0	4.0	3.0	6.5	8.7
<b>20.2</b>	<b>22.1</b>	<b>21.0</b>	<b>20.0</b>	<b>23.8</b>	<b>26.7</b>
17.1	17.0	17.0	17.0	16.6	15.8
10.0	9.9	10.0	10.0	9.6	11.4
9.6	9.3	9.7	9.8	9.3	9.5
10.0	10.5	10.7	9.8	9.6	9.7
4.2	4.0	3.9	4.9	4.5	5.0
<b>50.8</b>	<b>50.7</b>	<b>51.3</b>	<b>51.5</b>	<b>49.6</b>	<b>51.4</b>
15.8	16.6	15.1	13.8	13.3	14.9
72.2	67.0	66.7	62.4	64.5	67.7
<b>88.0</b>	<b>83.6</b>	<b>81.8</b>	<b>76.2</b>	<b>77.8</b>	<b>82.6</b>
375.7	370.0	377.7	398.6	390.4	397.3
0.0	0.0	0.0	0.0	0.0	0.0
16.7	17.2	17.2	21.8	19.2	20.5
<b>392.4</b>	<b>387.2</b>	<b>394.9</b>	<b>420.4</b>	<b>409.6</b>	<b>417.8</b>
<b>551.4</b>	<b>543.6</b>	<b>549.0</b>	<b>568.1</b>	<b>560.8</b>	<b>578.5</b>

**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>
2006	8,181	\$ 97,564,441	\$ 11,926	(1.54)	\$ 118,878,506	\$14,531	(2.75)	510.1	16.0
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	100,723,542	14,403	3.58	140,860,360	20,143	5.67	500.4	14.0

**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			
	2006	2007	2008	2009
<b>Elementary</b>				
Alice Smith (1951)				
Square feet	81,526	81,526	81,526	81,526
Capacity	592	592	592	592
Enrollment (1)	529	546	566	571
Eisenhower (1954)				
Square feet	121,173	121,173	121,173	121,173
Capacity	792	792	792	792
Enrollment (1)	668	651	662	698
Gatewood (1958)				
Square feet	75,039	75,039	75,039	75,039
Capacity	692	692	692	692
Enrollment (1)	634	605	639	627
Glen Lake (1956)				
Square feet	84,916	84,916	84,916	84,916
Capacity	566	566	566	566
Enrollment (1)	534	509	523	491
Tanglen (1966)				
Square feet	74,332	74,332	74,332	74,332
Capacity	592	592	592	592
Enrollment (1)	658	610	616	584
Meadowbrook (1948)				
Square feet	110,580	110,580	110,580	110,580
Capacity	616	616	616	616
Enrollment (1)	593	615	626	612
<b>Middle</b>				
North Junior High (1958)				
Square feet	192,927	192,927	192,927	192,927
Capacity	896	896	896	896
Enrollment (1)	969	922	891	866
West Junior High (1959)				
Square feet	202,474	202,474	202,474	202,474
Capacity	873	873	873	873
Enrollment (1)	905	927	903	846
<b>High</b>				
Hopkins High School (1970)				
Square feet	477,725	477,725	477,725	477,725
Capacity	2,166	2,166	2,166	2,166
Enrollment (1)	2,002	1,939	1,911	1,783
<b>Other</b>				
Katherine Curren (1948)				
Square feet	65,593	65,593	65,593	65,593
Capacity	380	380	380	380
Enrollment (1)	361	340	-	-
Community Center (1954)				
Square feet	160,186	160,186	160,186	160,186
Capacity	745	745	745	745
Enrollment (1)	-	-	-	-
Harley Hopkins Family Center (1990)				
Square feet	40,930	40,930	40,930	40,930
Capacity	360	360	360	360
Enrollment (1)	60	51	57	60
Bus Depot (1978)				
Square feet	87,040	87,040	87,040	87,040
<b>Total</b>				
Square feet	1,774,441	1,774,441	1,774,441	1,774,441
Capacity	9,270	9,270	9,270	9,270
Enrollment	7,913	7,715	7,394	7,138
<b>Athletics</b>				
Football fields	4	4	4	4
Soccer fields	7	7	7	7
Running tracks	2	2	2	2
Baseball/softball	13	13	13	12
Swimming pools	3	3	3	3
Playgrounds	6	6	6	6

**Source:** Square footage, capacity and athletic statistics are derived from District records. Enrollment was obtained from a combination of District records and "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.

Fiscal Year					
2010	2011	2012	2013	2014	2015
81,526	81,526	81,526	81,526	81,526	84,998
592	592	592	592	592	629
559	604	569	557	548	565
121,173	121,173	121,173	121,173	121,173	121,173
792	792	792	792	792	898
716	734	774	776	760	734
75,039	75,039	75,039	75,759	75,793	75,793
692	692	692	692	692	561
556	528	530	530	501	511
84,916	84,916	84,916	84,916	84,916	87,816
566	566	566	566	566	650
529	511	524	489	474	477
74,332	74,332	74,332	74,332	83,593	85,458
592	592	592	592	592	633
555	572	538	469	467	504
110,580	110,580	111,200	111,200	125,200	125,200
616	616	616	616	616	927
626	636	633	632	647	726
192,927	192,927	193,671	193,671	193,671	193,671
896	896	896	896	896	1,019
915	911	842	859	950	929
202,474	202,474	202,474	202,474	202,474	202,474
873	873	873	873	873	1,065
851	804	750	727	714	708
477,725	477,725	478,834	478,834	479,426	479,426
2,166	2,166	2,166	2,166	2,166	2,179
1,742	1,702	1,681	1,765	1,693	1,609
65,593	65,593	65,593	65,593	65,593	65,593
380	380	380	380	380	423
-	-	-	-	-	-
160,186	160,186	160,311	160,311	160,311	245,309
745	745	745	745	745	745
-	-	-	-	-	-
40,930	40,930	40,930	40,930	40,930	40,930
360	360	360	360	360	303
57	64	54	57	45	57
87,040	87,040	87,040	87,040	87,040	87,040
1,774,441	1,774,441	1,777,039	1,777,759	1,801,646	1,894,881
9,270	9,270	9,270	9,270	9,270	10,032
7,106	7,066	6,895	6,861	6,799	6,820
4	4	4	4	4	10
7	7	7	7	7	8
2	2	2	2	2	1
12	14	14	16	16	17
3	3	3	3	3	3
6	6	9	9	9	13

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Standardized Tests										
MCA Reading (See Note 1)										
Grade 3	90.10%	81.50%	84.50%	80.10%	78.80%	73.40%	78.00%	59.10%	62.20%	57.50%
Grade 5	84.10	78.60	78.50	73.40	79.80	85.00	82.70	69.50	70.80	66.60
Grade 7	75.90	68.10	73.20	74.90	72.20	73.80	77.80	60.60	59.80	62.30
Grade 10	77.60	75.50	82.70	84.70	75.30	81.70	84.30	68.30	69.10	60.60
MCA Math (See Note 1)										
Grade 3	83.30	82.30	90.60	84.40	85.70	61.50	73.20	68.90	72.50	67.09
Grade 5	66.10	76.70	77.10	72.60	78.50	54.00	64.10	61.90	65.20	59.08
Grade 7	67.50	65.80	64.70	69.10	66.40	43.10	58.70	50.70	57.10	56.24
Grade 11	45.40	46.70	51.70	66.00	59.70	50.50	61.10	56.60	61.10	50.67
ACT										
Hopkins Average Composite Score	23.30	23.80	23.80	24.20	22.90	23.30	23.70	23.80	23.10	21.00
State Average Composite Score	22.30	22.50	22.60	22.70	22.90	22.90	22.80	23.00	22.90	20.50

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.

The MCA Math test previously allowed students to take the online test up to three times with the best score being recorded as their result. In 2013, only one test was allowed for recording.

**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
2006	42,131	839,317	540,120	244,995	54,202
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
	June 30,	Elementary	Middle	High School <sup>(1)</sup>	
	2006	\$ 2.25	\$ 2.50	\$ 2.75	
	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	

<sup>(1)</sup> 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, 2015  
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$ 326,158,043
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
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	
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	1,000,000
Aggregate Limit	4,000,000
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Collision	ACV less \$1,000 deductible
Comprehensive	ACV less \$1,000 deductible
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